JDI

Japan Display Inc.

Sustainability Report 2023

Japan Display Inc.

Sustainability Report

2023

C O N T E N T S

WE SUPPORT UN GLOBAL COMPACT

JDI has signed the United Nations Global Compact (UNGC) and supports its 10 principles in the areas of human rights, labour, the environment, and anti-corruption.
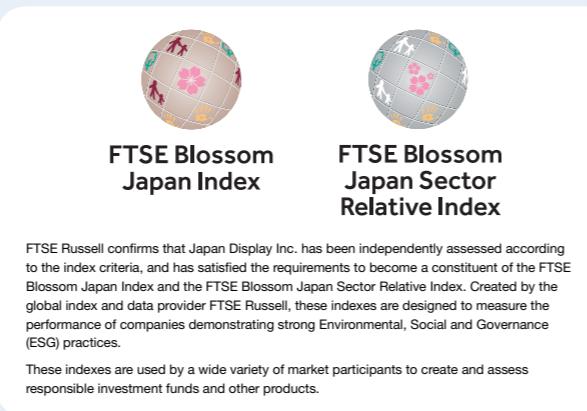
FTSE Blossom Japan Index

FTSE Blossom Japan Sector Relative Index

FTSE Russell confirms that Japan Display Inc. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index and the FTSE Blossom Japan Sector Relative Index. Created by the global index and data provider FTSE Russell, these indexes are designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.

These indexes are used by a wide variety of market participants to create and assess responsible investment funds and other products.

Company Profile

Company Name	Japan Display Inc. (JDI)
Incorporated	April 1, 2012
Business	1. Research, development, manufacture and sales of display devices and related products and parts 2. Planning, research, development, design, manufacture, sales, maintenance, rental, leasing and providing related solution services of electrical equipment, electronic devices, software, etc. 3. Information collection services, information analysis services and information provision services including biometric information measurement using electronic technology 4. Any and all operations incidental to each of the foregoing items

Headquarters

Landic 2nd Bdg., 3-7-1, Nishi-shinbashi, Minato-ku, Tokyo, 105-0003, Japan

Development and Design Sites

Ebina R&D Center
Ebina Prime Tower, 2-9-50, Chuo, Ebina-shi, Kanagawa, 243-0432, Japan

Production Lines by Fab

Mobara Fab (JDI Manufacturing Facility)
————————————————— 6th-generation LTPS

Ishikawa Fab ——————— 4.5th-generation LTPS

Tottori Fab ———————— 4th-generation a-Si

Higashiura Fab —————— 3.5th-generation LTPS

a-Si: Amorphous silicon
LTPS: Low-temperature polycrystalline silicon

Domestic Fabs

(As of March 31, 2023)

Mobara Fab (JDI mfg. Campus)

Ishikawa Fab

Higashiura Fab

Tottori Fab

* LCD production ended in March 2023. From April 2023, Higashiura Engineering Center has been established to continue business activities such as design, prototyping and analysis.

JDI Europe GmbH
JDI Korea Inc.
JDI China Inc.
JDI Display America, Inc.
JDI Taiwan Inc.
JDI Hong Kong Limited
Nanox Philippines Inc.

■ Headquarters
● Global Sales Subsidiaries
★ Global Manufacturing Subsidiary

Global Subsidiaries

Global Sales Subsidiaries

JDI Display America, Inc. (JDIDA)	San Jose, CA, USA
JDI Europe GmbH (JDIE)	München, Germany
JDI China Inc. (JDIC)	Shanghai, PRC
JDI Hong Kong Limited (JDIHK)	Kowloon, Hong Kong
JDI Taiwan Inc. (JDIT)	Taipei, Taiwan
JDI Korea Inc. (JDIK)	Seoul, Korea

Global Manufacturing Subsidiary

Nanox Philippines Inc. (NXP)	Pampanga, Philippines

Scott Callon

Chairman, CEO & Representative Executive Officer

The current business environment surrounding JDI is extremely difficult, with the entire display industry facing increased costs, decreased demand, and reduced utilization, amidst which JDI achieved the following five major achievements during the fiscal year. (1) With new technologies such as eLEAP and HMO, which are unique competitive advantages, we created unprecedented customer value and made efforts to eliminate our chronic deficits and dramatically improve profitability. (2) We sold our Chinese manufacturing subsidiary to an influential Chinese EMS and worked to drastically strengthen our cost competitiveness by thoroughly optimizing our production sites. This reduction in fixed costs and asset-lighting contributed to improved underlying profitability and capital productivity. (3) We advanced JDI's technology revolution by developing and commercializing Global No.1 proprietary technologies.

In addition to eLEAP, the next-generation OLED, HMO, a high-performance, ultra-low power and low-cost backplane technology, and free-lighting LumiFree, which enables control of light distribution characteristics, we are developing a range of new technologies, products and businesses. (4) With the support of Ichigo & INCJ, we have drastically improved our financial foundation by realizing a significant capital increase and becoming debt-free. Based on this strengthened financial foundation, we are working to overcome the difficult business environment and establish a new revenue base in the future by accelerating METAGROWTH 2026.

(5) Finally, we started discussions with HKC, the world's third largest display manufacturer, towards agreeing a strategic alliance. By combining JDI's proprietary technology, HKC's cost competitiveness and sales strength, and the human resources of both companies, we expect to achieve formidable competitiveness and realize the ability to create customer value. In addition, by creating customer and social value, we expect to further strengthen our technology

leadership in the global display industry and increase our corporate value.

Establishing Materiality

Based on our corporate philosophy, we have identified materiality as a priority key issue to address in order to develop alongside society by solving social problems and creating social value. After repeated discussion and review within the company, we are identifying and addressing issues arising from our business in order of importance to our stakeholders. We have started setting targets in sequence and plan to disclose information on the degree of achievement each year. We believe that by promoting such activities, we can further develop JDI's sustainable management and strengthen our relationships with all of our stakeholders.

Developing Human Capital

JDI is working to solve society's and people's problems with its Global No.1 proprietary technologies. In pursuit of this goal, we must utilize JDI's unique technological capabilities and think beyond displays.

capabilities and think beyond displays, challenging ourselves to create new value for a better future. The strategic and systematic development of our human capital is critical to achieving this goal. As training and strengthening engineers is a particularly urgent task, we plan to resume and further increase the hiring of new graduates.

Towards Sustainability and Decarbonization

Recognizing that the environment is an extremely important issue, JDI has adopted a group-wide environmental policy to achieve goals on key issues and strengthen its commitment to these issues. Considering environmental activities as essential to our business continuity, we comply with laws and regulations, respond reliably to environmental requests from customers and various stakeholders, and

make every effort to avoid environmental accidents not only during production but also with products. Regarding our products, we have implemented more environmentally friendly development processes in both design and chemical substance management in order to meet our customers' needs and comply with regulations.

In addition, with regard to decarbonization, recognizing climate change as one of the key challenges to be addressed in our corporate management, we began conducting scenario analysis in accordance with the recommendations of the TCFD in fiscal 2022. We have started to incorporate measures to address medium- to long-term risks and opportunities in our business into our business plans and proactively promote them. In the future, we plan to disclose the measures we have taken and further promote activities to reduce greenhouse gas emissions, such as energy conservation activities and consideration of the use of renewable energy. In addition, we are setting medium- to long-term targets for decarbonization and aim to obtain SBT certification and become a TCFD supporter.

Through our various initiatives, we are working to the realization of the Sustainable Development Goals (SDGs) and continue to strive for a balance between our business and environmental activities.

Corporate Governance and Sound Business Practices

At JDI we believe that good corporate governance practices enhance corporate value. JDI uses the "company with committees" governance structure where the supervisory and business execution functions are separated for both speedier decision-making and more truly independent supervision. We are also continuing to strengthen internal controls while implementing initiatives aimed at fostering compliance awareness among employees and making them aware of the internal reporting system.

We pledge to always protect the human rights of our employees and contribute to our local communities, going beyond the scope of our normal business activities while strengthening our business practices to earn society's trust.

We appreciate your continuing support.

Our Mission

PersonalTech For A Better World

Our Vision

In everything we do, we work for a better future for all.

We create technologies that move the world forward.

We enrich lives and empower people globally to see, feel, and sense the world in transformational ways.

Our Actions

We get things done. We take deep meaning from serving customers and the world.

We are relentless in delivering excellence that is new, different, and beyond expectations.

We adapt to, enjoy, and drive positive change. We grow with it, and the world needs it.

PersonalTech for a Better World

JDI believes that with novel ideas and a limitless drive for better technology JDI can build a world where people can thrive. With JDI's wide range of products, JDI can improve the lived experiences of people around the world.

Social Issues

Climate Change, Energy Transition, Natural Disasters, Human Rights, Lifestyle Diversification

Six Forms of Capital

As of March 31, 2023

Financial Capital
Total assets: JPY 222.7 billion
Net assets: JPY 124.4 billion

Human Capital
Number of Employees (Consolidated): 4,776

Social Capital
Building trust with customers/suppliers
Collaboration with Universities/government other industries/companies
Participation in initiatives

Intellectual Capital
Number of patents held
　Japan: 3,329
　Overseas: 8,400
R&D expense: JPY 9.5B

Manufacturing Capital
(As of April, 2023)
Domestic sites
　Development and Design: 2
Overseas sites
　Production: 1
　Sales: 6

Energy Consumption
CO_2 reduction amount: 7,903 TJ
Water consumption: 8,912 thousand m^3

Management Strategy

Business Areas
- New Businesses
- AutoTech
- Industrial
- Healthcare
- PersonalTech
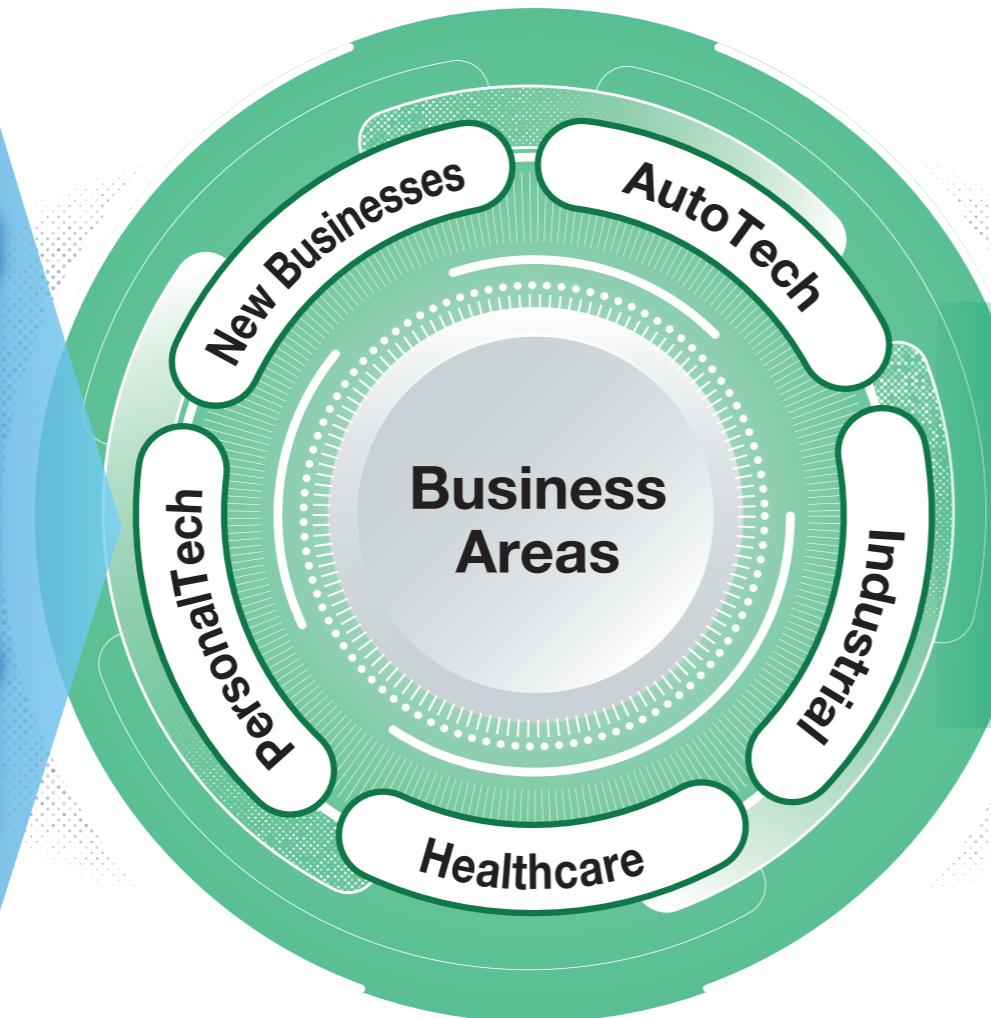
Materiality

- Developing and commercializing propriety technologies that solve social issues
- Contributing to solutions to environmental issues with GreenTech
- Building a sustainable supply chain
- Ensuring compliance
- Strengthening risk management
- Recruiting and developing talented employees
- Cultivating diversity in the workplace
- Taking measures against climate change

Mid-term Strategies

Realization of a Better World

- Diversity
- Inclusiveness
- Comfort
- Equity
- Peace of Mind
- Sustainability
- Safety

JDI will create Global No.1 technologies that move the world forward and empower people globally to experience the world in transformational ways.

SUSTAINABLE DEVELOPMENT GOALS

Our Mission   PersonalTech For A Better World

JDI Technologies' Broad Impact

JDI's technology is used in products such as smartphones, wearables & other personal devices, cars (AutoTech), industrial machines, and medical & healthcare devices.

JDI is using its cutting-edge technological know-how to create new products in existing business areas like Rælclear and new businesses in industries new to JDI like LumiFree to further meet customer needs.

JDI drives the development of displays as a core technology in modern society to create sustainable customer and societal value, essential for the advancement of worldwide communities. JDI aims to strengthen competitiveness and foster business growth by responding to customer needs through superior cost performance and outstanding technologies.

JDI is using its Global No.1 technologies to solve social issues and provide comfort, safety, and security and its GreenTech to drive sustainability through superior environmental performance.

PersonalTech

Narrower bezels, lower power consumption & slimmer free-shape displays to excite customers and end-users alike.

AutoTech

JDI will provide customers with products with high reliability, high performance & cutting edge design to meet the needs of the cars of the future.

Healthcare

JDI is assisting medical professionals in identifying illnesses more quickly with high resolution, high contrast displays.
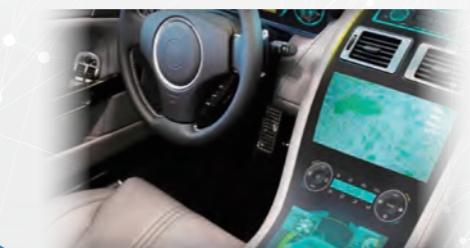
Industrial

In pursuit of the high reliability required for industrial applications, we aim to be our customers' partner, enabling them to work with confidence by accurately displaying information with wide viewing angles, high resolution, and high durability in any environment.

New Businesses
Transparent Interface

Transparent interfaces eliminate communication barriers and reduce inequality, key issues in our diverse, globalized world.

New Businesses
LumiFree

The ability to create the perfect light for the perfect moment creates new experiential value while also decreasing energy use and light pollution.

* LumiFree is trademark or registered trademark of Japan Display Inc.

METAGROWTH 2026 Growth Strategy

JDI formulated METAGROWTH 2026 as a group-wide growth strategy aiming to create future value. The creation of customer and social value will help JDI not only to achieve JDI's mid-term management goals, but also tackle the issues faced by people and society. By providing "PersonalTech For A Better World," JDI strives to create advanced and universal value to foster substantial future growth. JDI is accelerating METAGROWTH 2026 to realize unique customer value and to strengthen our revenue base.

Financial Targets (KPIs: key performance indicators)

JDI's management plan drives profitable growth by focusing on high-margin businesses where JDI has competitive advantages with the aim to achieve JPY 767.2B in net sales, JPY 99.1B in earnings before interest, taxes, depreciation, and amortization (EBITDA), and JPY 82.4B in operating profit by FY2027 (financial targets are estimates as of May 12, 2023).

Net sales: JPY 767.2B
JPY billion
- 270.7 — FY2022 Result
- 767.2 — FY2027 Target

EBITDA: JPY 99.1B
JPY billion
- △36.2 — FY2022 Result
- 99.1 — FY2027 Target

Op. Profit: JPY 82.4B
JPY billion
- △44.4 — FY2022 Result
- 82.4 — FY2027 Target
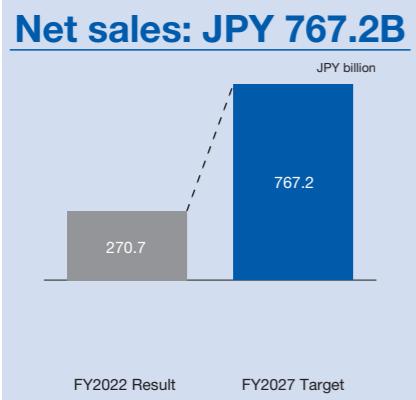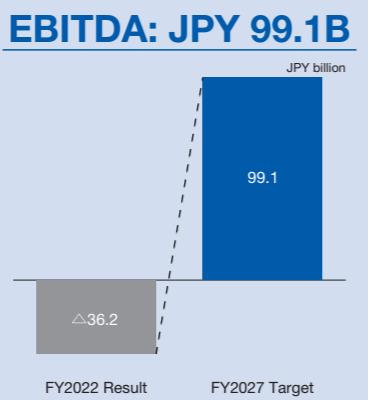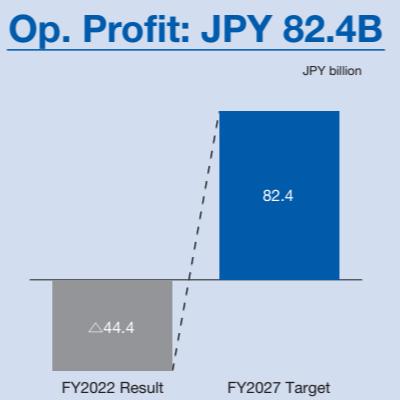
Three Foundations of Core Strategy

(1) Global No.1 Technology Leadership

(2) Market-Leading Technology, Transformationa Growth

(3) GreenTech & Sustainability

Displays are a foundational technology for modern society. JDI has unmatched technological capabilities to deliver customer & social value & improve people's lives.

The Core Strategy towards 2026 is based on the three following foundations: (1) JDI has regained technology leadership in the global display industry with its Global No.1 proprietary technologies and will further expand its technology platform to dramatically increase customer & shareholder value. (2) To drastically increase profits and enable rapid growth through innovative technologies, JDI will establish new businesses, such as a sensor solution, healthcare and security business to achieve a drastic increase in profits and rapid growth through innovative technologies. (3) JDI will adhere to management that contributes to a sustainable society and work to solve environmental problems through the development of GreenTech technology with superior environmental performance.

These three foundations enable JDI to shift from a highly commoditized market with excessive competition to an environment where JDI can improve earnings and profitability with JDI's six proprietary growth drivers.

JDI's Six Proprietary Growth Drivers

Core Strategy towards 2026

Global No. 1 Technology Leadership to Best Serve Customers and Deliver PersonalTech for A Better World

METAGROWTH in Value Creation

1 eLEAP (NextGen OLED)
- High luminance, long life, high resolution & environment positive GreenTech
- Supporting a wide range of shapes & sizes

2 HMO (High Mobility Oxide)
- Backplane technology with ultra-low power consumption, high resolution & large display size capability
- Foundational technology for G8 & G10 fabs

3 Metaverse (Ultra High Resolution)
- Unparalleled sense of reality & immersion
- High yields & outstanding quality

4 AutoTech
- EV-focused, integrated cockpit development
- HUD development driving safety improvements

5 Transparent Interface Rælclear
- World's highest transparency
- Social contribution by enabling more interactive & inclusive communication

6 New Technologies, Products, and Businesses
- Expanded applications of JDI proprietary technologies
- New businesses that address important social needs

* eLEAP and Rælclear are registered trademarks of Japan Display Inc.
* Organic Light Emitting Diode is hereinafter referred to as OLED

eLEAP: Eco-Friendly Technology to Dramatically Improve Display Performance

What is eLEAP?

- environment positive
- Lithography with maskless deposition
- Extreme long life, low power, and high luminance
- Any shape Patterning

eLEAP is the world's first combined maskless deposition and photolithography method for the frontplane process of forming the light-emitting layers of OLED displays. It overcomes the weaknesses of conventional OLED and LCD displays, and represents a revolutionary leap forward in display devices.

Conventional OLED display
(Fine metal mask deposition method)

Fine holes, Welding, Tension, Remove, FMM-stick, Frame, Welding, Tension, Remove

eLEAP
(Combination of Maskless deposition and Photolithography)

Photoresist
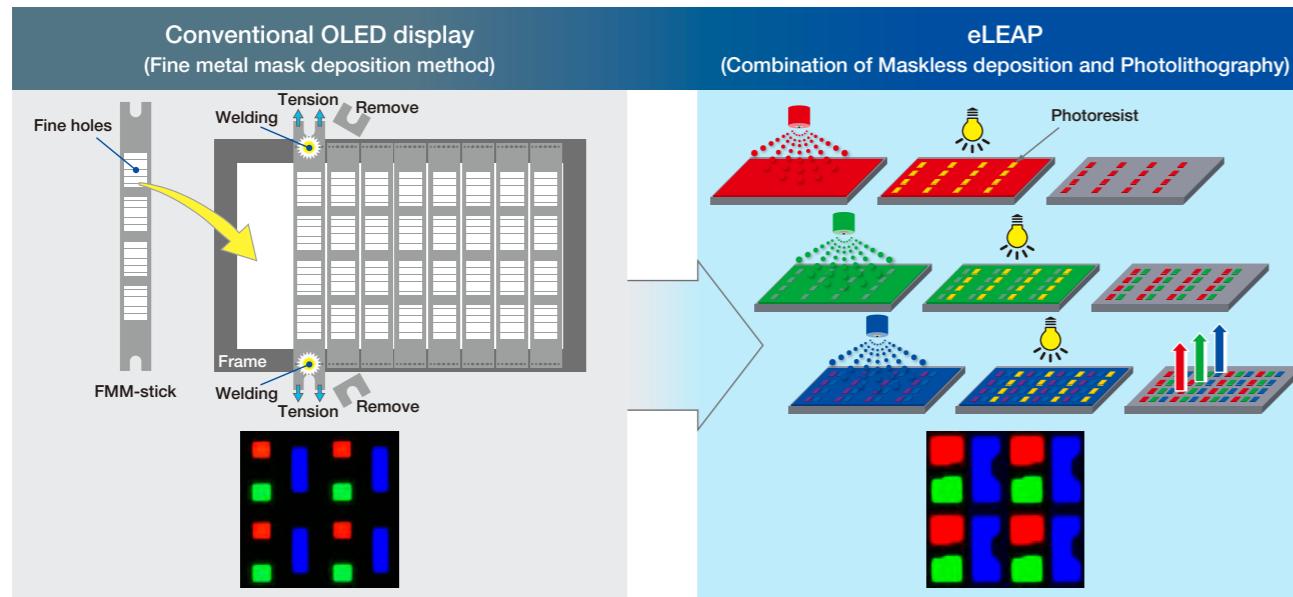
Solving Problems with eLEAP

Significantly Reduce CO_2 Emissions and Lower Operating Costs

The organic material deposition method (hereinafter referred to as FMM method) using a fine metal mask (hereinafter referred to as FMM) has been widely adopted for the mass production of conventional OLED displays. However, the conventional FMM method has faced the problem of wasting a large amount of organic material due to the low material utilization efficiency in the organic material deposition process and the need to use another organic material to clean the organic material adhered to a FMM during production.

eLEAP's method combining Maskless Deposition and Photolithography is a green technology that eliminates the need for masks to deposit organic materials, thereby eliminating the need to use large amounts of organic materials for mask cleaning and reducing CO_2 emissions by up to 150,000 tons per year. In addition, the elimination of consumable masks can lead to a reduction in operating costs.

ECO

Annual CO_2 emission reduction of 150k tons =

CO_2 absorption volume
17 million[1] cedar trees

Cedar forest area
Equivalent to 3,700 Tokyo Domes

CO_2 emissions are our calculations for 6th generation substrates produced at a rate of 30k sheets/month.
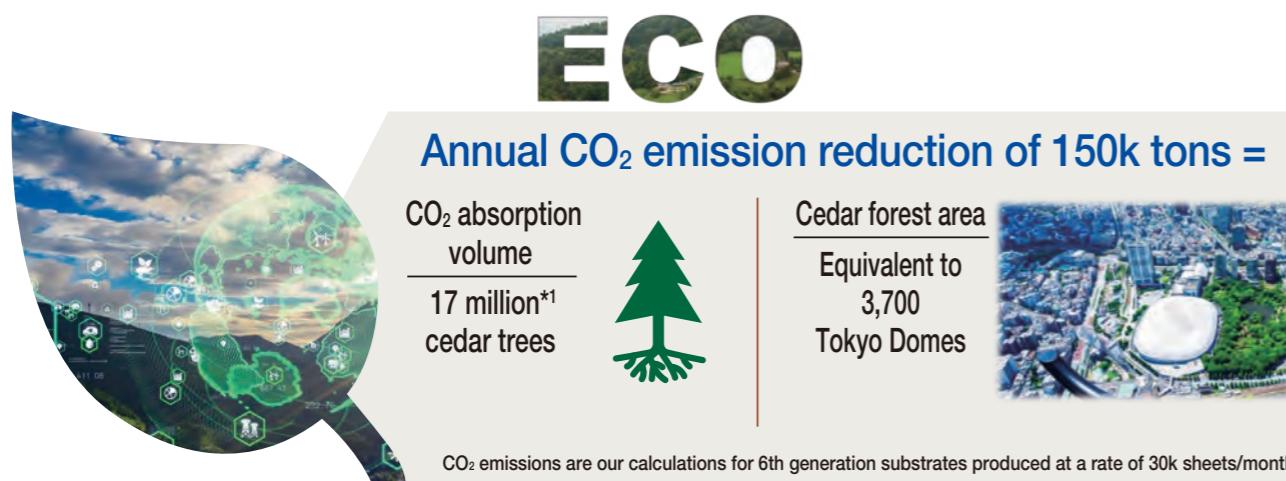
Features of eLEAP

Next-Generation OLED for an Unparalleled User Experience

Feature 1 Improved Peak Luminance[2], Power Consumption and Lifetime[3]

Since the luminous area[4] of eLEAP has been increased to 58% (equivalent to 300 ppi resolution[5] compared to our products), which is more than twice the luminous area generated by conventional FMM-based OLED displays, the combination of eLEAP with HMO technology[6] enables JDI's innovative backplane technology to dramatically improve the weak points of OLED displays in terms of peak luminance, lifetime, and power consumption.

High Luminance (2X)

Conventional OLED 27% > eLEAP 58%

Expressiveness (brightness and vividness) and power efficiency have been dramatically improved.

Long Lifetime (3X)

Lifetime Comparison	New	After 1 Year	After 3 Years	After 5 Years
	0h	1000h	3000h	5000h
Conventional OLED				
eLEAP				

* Image assuming luminance deterioration due to 3hr/day lighting with brightness equivalent to 600nits

Feature 2 Free-Shaped Design, Higher Resolution, and Larger Glass Substrate Size Possible

eLEAP enables the realization of free-shape designs and resolutions higher than 800ppi, which have been difficult to achieve with conventional FMM due to the limitations imposed by the use of metal masks. In addition, the conventional FMM process limits glass substrate dimensions to sixth generation (approximately 1,500mm x 1,850mm), but eLEAP can be used on eighth generation (approximately 2,200mm x 2,500mm) or larger substrate lines, enabling larger displays.

Examples of Free-Shape Designs

Larger Glass Substrate Sizes

1,850mm, 1,500mm, Sixth generation, 2,200mm or more, 2,500mm or more, Eighth Generation and Beyond
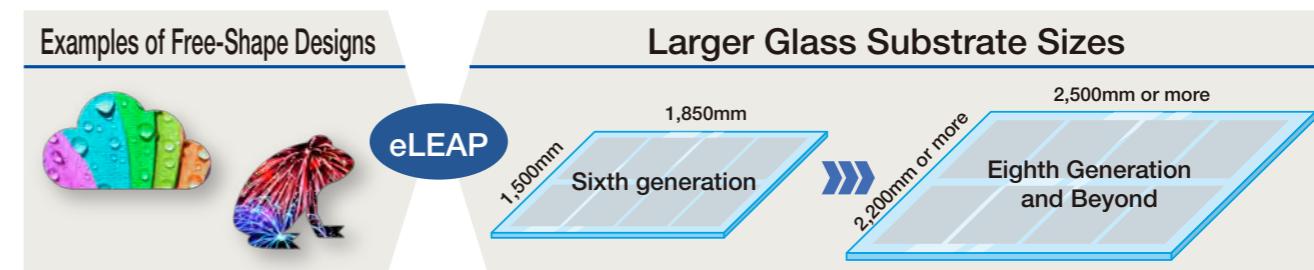
Summary

Thus, as eLEAP represents a historic breakthrough in display technology that is far superior to conventional OLED technologies, JDI has not only been in discussions with customers and received significant customer interest, but has also been in alliance negotiations with display makers in the same industry.

By partnering with other companies to disseminate this innovative "Global No.1" technology, JDI aims to significantly expand sales and make a significant contribution to society.

*1 Based on the assumption of 1000 adult cedar trees per hectare and an annual absorption rate of 8.8kg-CO2 per tree, according to the published estimate by the Forestry Agency of Japan.
*2 The maximum luminance performance of a display is called peak luminance. Luminance is the brightness per unit area measured in the center of the all-white display screen and is generally defined as the center luminance. The unit used is "cd/m²" (candela per square meter), "nt" or "nit".
*3 Lifetime is defined as the time it takes for the luminance performance of a new display to degrade by a specified percentage from its initial condition. Definitions vary by product.
*4 Refers only to the area that actually emits light relative to the total pixel area. The larger the light emitting area, the more efficiently the light can be emitted.
*5 Refers to the number of pixels per inch. The unit of resolution is "ppi" (pixels per inch).
*6 High Mobility Oxide (HMO) technology is a backplane technology that can maximize the performance of eLEAP.

Sustainability Management

JDI acts in accordance with Our Actions to realize Our Mission and Our Vision and works to solve social issues and create social value.

JDI Sustainability Policy

JDI's mission is "PersonalTech For A Better World." We believe that people, society, and the world being healthy are fundamental to achieving our mission.

❶ Compliance with JDI Ethics
JDI has established a code of ethics, JDI Ethics, and seeks compliance from all employees to ensure ethical management and support the health of people, society, and the world. JDI Ethics is the foundation for all of JDI's activities, calling for respecting human rights, maintaining and improving the workplace environment, working for global environmental protection, maintaining good relationships with local communities, avoiding actions that are inappropriate and in conflict with socially-accepted norms, and acting sincerely in accordance with sound public morals.

❷ Co-Existence and Co-Creation with All Stakeholders
JDI strives to co-create social value and maintain good relationships with all stakeholders, including society broadly, customers and business partners, competitors, shareholders and investors, and employees.

❸ Sustainable Growth
Based on the above policies, JDI works to generate sustainable growth as a company by contributing to the achievement of a prosperous world, reducing the environmental load across the supply chain, supporting the success of local communities and society, and carrying out effective governance.

Organization and Structures for Sustainability

We have established multiple committees and management systems related to the environment, society, and governance, such as an environmental management system and compliance committee, to address ESG issues. Each committee and management system provide reports to the Board of Directors in a timely and appropriate manner. We have also established a sustainability department to carry out initiatives for the realization of a sustainable society and improve long-term corporate value. The sustainability department cooperates with each committee and management system to oversee ESG initiatives carried out by each department and promote company-wide initiatives. The sustainability department provides reports on overall sustainability activities to the Board of Directors. In addition to above mentioned initiatives, we are working on the development of proprietary technologies and creation of new businesses to solve social issues through business activities.

■ **Organization and Structures for Sustainability**
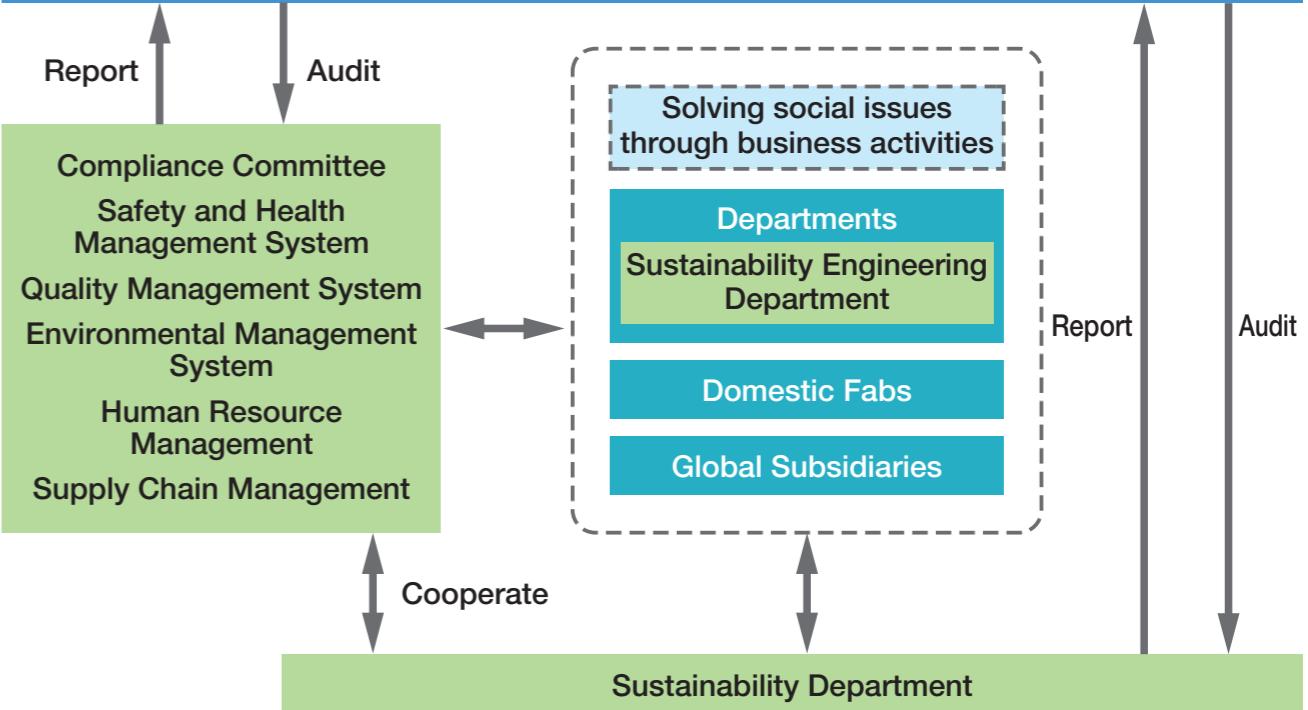
	Human Rights	Human Resource Development	Labor Practices, Safety, and Health	The Environment	Fair Operating Practices, Ethics	Value Creation
Compliance Committee	●		●	●	●	
Safety and Health Management System		●	●			
Environmental Management System (ISO 14001)		●		●		●
Safety and Health Management System (ISO9001/IATF16949)		●				
Human Resource Management	●	●	●		●	●
Supply Chain Management	●		●	●	●	
Solving social issues through business activities						●

Relationships with JDI Stakeholders

JDI's business activities are based on relationships with various stakeholders. JDI considers major stakeholders to be customers, business partners, employees, shareholders, and local communities, and believes that it is important to establish mutual understanding and trustful relationships with stakeholders to have business continuity and development.

● **Customers**   JDI communicates closely with customers, sharing business results and information on business activities.

● **Business Partners**   JDI asks business partners to learn JDI's sustainability promotion policies and verify their progress in implementing those policies.

● **Employees**   JDI shares business results and business activity information with employees.

● **Shareholders/Investors**   JDI promotes constructive dialogue by holding quarterly financial results briefings and interviews with domestic and foreign institutional investors and securities analysts.

● **Local Communities**   JDI interacts with local communities through soc_ial contribution and other activities.

Materiality

To realize future value for all stakeholders, JDI has identified materiality as issues to be addressed by JDI and its group companies. By working on each of the materiality issues, we will create customer and societal value as a company essential to social development and promote our sustainable growth.

JDI's Materiality

JDI has identified its major challenges from the perspective of the degree of importance in the context of JDI's risks and opportunities, as well as in the context of its stakeholders, taking into account the demands of society such as international guidelines and initiatives, and then identified major challenges to be addressed and reported them to the Board of Directors.

Approach to Determining Materiality

Our Mission

**Response to Social Issues
Actions for Realization of a Better World**

Our Actions

Management
Strategy
Business Portfolio

Eight Aspects of JDI's Materiality

With regard to human capital, an aspect of materiality, we will promote the maximization of the value of each employee through various initiatives, as well as ensuring the diversity of the workforce in order to improve employee engagement and build an organization that will continue to create new value. Regarding the response to climate change, we have started to work on climate-related scenario analysis, risk and opportunity selection, financial impact assessment in accordance with TCFD recommendations, and accelerated initiatives aimed at realizing a decarbonized society.

■ Materiality, Important Initiative Items, and Related SDGs

Category	Materiality	Important Initiative Item	SDGs Initiatives
Creating Value and Solving Social Issues Through Business Activities	Developing and Delivering Proprietary Technologies to Solve Social and Human Problems	● We will develop products/technologies that contribute to solving societal problems, such as Rælclear, a transparent interface that facilitates communication. between people, and develop them as new businesses ● We will create customer value by leveraging our Global No.1 technologies.	9, 10
	Solving Environmental Issues With GreenTech	● We will reduce our environmental impact through the global development of various technologies such as eLEAP, a next-generation OLED with superior environmental performance; HMO, an ultra-low power backplane technology; and LumiFree, a free lighting technology that helps reduce energy consumption.	9, 10, 12, 13
Strengthening Management Base	Building a Sustainable Supply Chain	● In addition to product quality, cost and delivery, we select business partners based on their commitment to sustainability, including human rights and the environment. ● We distribute our Sustainability Promotion Guidebook to business partners, ask them to adhere to it, and ask them to self-audit using the Sustainability Self-Audit Sheet to confirm their compliance status.	6, 8, 10, 11, 12, 13, 14, 16, 17
	Ensuring Compliance	● To become a trustworthy company, we will act in accordance with social norms and business ethics, and comply with laws and regulations. ● To strengthen compliance, we will conduct compliance training, issue a compliance newsletter, and provide compliance-related hazard prediction training.	5, 8, 10, 16
	Strengthening Risk Management	● We will minimize losses from the occurrence of risks that could have a significant impact on our business by appropriately managing and assessing the eight risk areas related to our business and taking proactive measures according to their severity.	11, 12, 17
Human Capital	Securing and Developing Talented Employees	● We will secure engineers who will continue to disseminate our global No. 1 technologies and excellent human resources who can support our businesses. ● We will develop human resources by providing various types of employee training, as well as training that enables managers to strengthen their management skills.	4, 9
	Recruiting for Diversity	● Respecting the human rights of each employee, we will create a work environment that accommodates diverse work styles and enables employees with different backgrounds to realize their full potential and pursue new ideas and value creation. ● We will support diverse work styles by implementing a work-from-home system, an annual leave system with hourly increments, and a working hour interval system.	3, 4, 5, 8, 10
The Environment	Responding to Climate Change	● We will implement appropriate measures to address the risks and opportunities identified based on the results of the scenario analysis, in accordance with the recommendations of the TCFD. See page 33 for details of our scenario analysis.	6, 7, 13, 14, 15

Corporate Governance

JDI believes that enhancing corporate governance will lead to better corporate soundness, transparency, and corporate value. JDI is building a system and developing various systems based on the principles of Japan's Corporate Governance Code established by the Tokyo Stock Exchange.

Basic Policy View

1. JDI strives to achieve the goals of sustainable growth and increasing corporate value over the medium to long term by practicing important corporate principles. In order to achieve these goals, JDI has instituted a Corporate Governance Basic Policy that contains its basic view of corporate governance as well as a framework and set of policies based on its view of corporate governance.

2. In order to have a transparent, fair, rapid, and decisive decision-making process that serves the interest of shareholders, customers, employees, and local communities, JDI is committed to further strengthening its corporate governance in accordance with the fundamental concepts below.

❶ JDI ensures shareholders' rights and equality.
❷ JDI cooperates by all appropriate means with stakeholders.

❸ JDI ensures transparency through the disclosure of information in compliance with laws and regulations and the provision of additional corporate information.
❹ As a company with a Three Committees (nomination, compensation, audit) governance structure, JDI separates supervision and the operation of business execution, establishes an execution system that enables swift business execution based on its fiduciary responsibility and accountability to shareholders, and ensures the effectiveness of the supervision function by the Board of Directors, which is comprised of a majority of outside directors.
❺ JDI holds constructive dialogue with shareholders conducive to the sustainable growth of JDI and the enhancement of corporate value over the medium to long term.

Corporate Governance System

JDI is a company with a Three Committees governance structure as set forth in the Companies Act of Japan. Under this structure, the functions of management supervision and business execution are separated in order to establish an operating system that enables the swift conduct of business and ensures the effectiveness of management supervision. The Board of Directors, which is comprised of a majority of outside directors, performs highly effective supervision of the management of JDI by utilizing a Nomination Committee,

a Compensation Committee and an Audit Committee, and is also responsible for creating and maintaining a highly effective system of management supervision that is robust and transparent. The Board of Directors decides on basic management policies and other important matters, and delegates the authority to execute business in regard to matters other than those stipulated by laws and regulations, the Articles of Incorporation and the rules of the Board of Directors of JDI to Executive Officers, after clarifying the scope of their responsibilities.

■ Internal Control System (As of June 24, 2023)

← – – Audit Function

- General Meeting of Shareholders
  - Appoint/Dismiss
  - Appoint/Dismiss
- \<Supervisory Function>
  - Board of Directors/Directors
    - Appoint/Dismiss → Nominating Committee
    - Appoint/Dismiss → Compensation Committee
    - Appoint/Dismiss → Audit Committee
    - Audit
    - Cooperate ↔ Independent Auditors
- \<Executive Function>
  - Appoint/Dismiss
  - Representative Executive Officer
    - Report
  - Executive Officers
  - Instruct/Supervise
  - Corporate Officers
    - Instruct/Supervise
  - Business Units, Divisions, Departments, Subsidiaries
- Internal Audit Department
  - Cooperate
  - Audit
- Executive Officer or Corporate Officer in Charge of Compliance
  - Policy
- Compliance Committee
  - Guide & Educate

Compliance

In accordance with the Fundamental Policy for Compliance, JDI has instituted the Compliance Committee as a forum where representatives from related units deliberate and implement measures to establish and inculcate compliance promotion systems and programs. A compliance administrator is assigned to each division to ensure awareness of compliance measures among the employees of each division. The Compliance Committee is supervised by the chairperson appointed by the Board of Directors and consists of the representatives of divisions that prepare compliance-related policies and measures. The Committee meets once every half-year and holds extraordinary meetings as necessary.

Internal Control System

JDI has an Internal Control System for the purpose of ensuring appropriate business operations. The creation of this System was begun immediately following the commencement of business to achieve sound and efficient organizational management. The development of the basic policy concerning the maintenance and operation of the Internal Control System (Basic Policy on the Internal Control System) was completed in June 2012. Since then, the Basic Policy and the Internal Control System have been in use but with partial modifications based on legal revisions and organizational changes.

Risk Management System

JDI has identified eight risk categories, namely, natural disaster and accident risks, legal (litigation) risks, financial risks, economic risks, labor risks, political risks, social risks, and business activity risks, and has tasked each department of JDI to perform assessments of assumed risks in regard to their probability of occurrence and their impact if they were to occur, study and formulate countermeasures for risks which are above normal levels of concern, and implement countermeasures within the department following a management review. Each year, JDI reviews the list and the content of the risk assessment (setting the level of significance). In addition, JDI has established the necessary rules and systems to prevent risks and minimize the effects in cases of occurrence. In general, risk factors are identified and understood through information sharing and reporting in the course of day-to-day operations, and the implementation status of measures to minimize the impact of these factors, such as prevention policies, is confirmed. When formulating an annual business plan or a medium-term business plan, JDI analyzes risks in the formulation process and incorporates countermeasures into the plans.

Furthermore, in Business Continuity Planning (BCP), possible risk situations (natural disasters, illness, damage related to an information security mishap, accidents, etc.) that may affect customers, client business partners or the supply chain and the degree of impact if a disaster situation occurs are estimated, following which proactive measures and preparations to minimize the impact of any disaster are taken to enable early recovery from the disaster.

■ Risk Management Flow

		Do	Check	Action	Plan	
		(1) Implementation & Promotion	(2) Status Evaluation	(3) Examine & Implement Additional Mitigation Measures	(4) Formulate Risk Management Plan	
Implementation details		● Implement measures for major risks	● Monitor progress ● Semiannual review	Examine and implement additional measures	● Review & finalize risk table ● Evaluate risks ● Formulate risk mitigation measures	● Identify major risk ● Formulate risk map ● Management Review ● Make company-wide announcement
	FY (Month)	4 5 6	7 8	9 10 11	12 1	2 3
Program Schedule	(1) Implement & promote mitigation measures	Implement mitigation measures →				
	(2) Evaluate mitigation measures		1H Review	2H Review		
	(3) Examine & implement additional measures			Additional measures	Additional measures	
	(4) Formulate risk management plan				Evaluate risks	Identify major risks

Together with Our Employees

JDI aims to address the problems faced by people and society through Global No.1 technologies that transcend the boundaries of displays. JDI must endeavor to think outside of the box to create gamechanging technologies that will drive the world forward. Critical to this is the strategic and systematic development of JDI's employees.

Corporate Human Resource Development

Human Resource Development System

JDI established the Human Resource Development Committee for promoting and developing the abilities of each employee by providing systematic and effective education and training on a company-wide level. Within the Human Resource Development Committee, JDI has established subcommittees for each specialized field to strengthen the educational program. The training areas are categorized into various categories such as specialized fields, including rank/selection, global and compliance, and provide training opportunities according to the career and growth stages of each employee.

■ Human Resource Development System

Employee Career Development Support

In order for JDI's business to build a world where people can thrive, JDI needs each individual employee to be motivated to take on new challenges and aspire to use new ideas to exceed expectations.

JDI believes that the growth of each individual employee directly leads to the growth of the company as a whole. JDI therefore supports the career development of employees in various ways.

■ Objective Management

Management by Objectives

JDI is implementing Management by Objectives at the individual level to improve communication with superiors, support employee capability development, and improve business execution.

Career Review System

JDI has a system where employees themselves report once a year about self-awareness, future hopes, satisfaction, and other career related matters, deepening the culture of thinking together about the future of employees.

In-house Recruitment System

In order to provide employees with opportunities to actively demonstrate their abilities, JDI has made permanent its once irregular in-house recruitment system. JDI made this decision with the aim of encouraging employees to proactively develop their careers and of fostering a more challenging organizational climate.

Self-development Program

JDI provides various self-development programs in order for all employees to have educational opportunities and to actively support employees who are always willing to learn. The self-development subsidy system has supported the independent development of skills by putting in place an environment responding to a wide range of employee needs, such as various school and distance learning programs as well as self-improvement books. Qualification acquisition support has helped employees in acquiring 180 different types of certifications. JDI launched an academic degree acquisition support system in fiscal 2018 for the purpose of developing human resources who can discuss and co-create things with customers' and business partners' researchers, and has also been expanding the scope of support to professional degrees (MBA/MOT, etc.) since fiscal 2020 in an effort to create highly specialized human resources who can play an active role both inside and outside the company and assume an effective role in our business and management.

■ Degree Acquisition Support System

JDI aims to develop human resources who can discuss and co-create things with customers' and business partners' researchers as well as highly specialized human resources who can assume an effective role in our business and management.

FY2020 → FY2021 → FY2022

2020: Launch of support for acquiring professional degrees

Fiscal Year	New Doctoral Degree Students
2021	2
2022	1

■ Self-development Subsidy System

JDI Financial Support Subsidizing Some Self-development Costs

Subsidy Options	Description
Qualification Acquisition Subsidy	Subsidization of examination to acquire qualifications and transportation costs
Learning Subsidy	Subsidization of costs to take education and distance learning courses (entrance fees and tuition)
Self-Development Support Subsidy	Subsidization of costs to purchase learning materials related to self-development

Respecting Human Rights and Diversity

JDI, in accordance with JDI Ethics, respects the human rights and diversity of each employee in all situations. In particular, with the aim of improving issues related to the low proportion of female employees, which has been a long-standing problem at JDI, and promoting the active participation of female employees, we set a new target in October 2021 to increase the proportion of female managers to 3.8% by April 2026. JDI is also working to reform work styles with the aim of facilitating a variety of work styles while ensuring fair and flexible treatment and evaluation so that all employees can realize their full potential regardless of not only gender, but also sexual orientation, age, nationality, race, ethnicity, thought, creed, religion, etc.

■ Work Style Reform Measures

Work-Life Balance and Work-At-Home System

Employees can continue to work while caring for elderly relatives, raising their children, and while receiving medical treatment.

Telecommuting (from home or satellite office)

JDI realizes a work-life balance for employees by creating more diverse and flexible work styles for employees.

Refreshment Leave/Joyful Holiday Program

JDI encourages employees to refresh themselves and recommend a work style that clearly separates work and private life by taking advantage of the refreshment leave granted every 5 years after the 5th year of service and the joyful holiday program, a system to encourage employees to take annual leave.

Hourly-paid Leave Program /Working Time Interval System

JDI promotes the realization of work-life balance for employees by securing their more diverse and flexible work styles, working hours, and sleeping hours.

Other Support Programs	●Accumulated Annual Paid Leave Program (available for childcare, nursing care, infertility treatment, pregnancy protection/treatment during pregnancy, self-development, social contribution, community contribution, volunteer activities, etc.) ●Unlicensed Daycare Subsidy Program ●Extended Daycare Subsidy Program ●Return Entry Program (program for re-entering JDI), etc.

Personnel Data

The number of male and female employees and managers, persons taking childcare leave, and the amount of overtime is outlined below.
(The following data excludes global subsidiaries)

Number of employees

		FY2020	FY2021	FY2022
Men	Employees	2,649	2,596	2,531
	Ratio	89%	90%	89%
Women	Employees	315	304	303
	Ratio	11%	10%	11%
Total		2,964	2,900	2,834

Number of employees

	FY2020	FY2021	FY2022
Number of compulsory retirees (Number of people who turned 60 during the fiscal year)	29	42	55
Number of rehired employees	19	36	46
Re-employment rate	66%	86%	84%

Recruitment

		FY2020	FY2021	FY2022
Number of new full-time employees hired	Total	10	4	14
Female Employees	Number	3	0	3
	Ratio	30%	0%	21.4%
Non-Japanese Employees	Number	0	0	3
	Ratio	0%	0%	21.4%

Employment rate of persons with disabilities

	FY2020	FY2021	FY2022
	2.3%	2.3%	2.5%

Length of Service

	FY2020	FY2021	FY2022
	19.9 years	20.4 years	21.5 years

Directors

	FY2020	FY2021	FY2022
Men	6	6	5
Women	1	1	2
Total	7	7	7

Female manager ratio

	FY2020	FY2021	FY2022
	1.8%	1.8%	1.7%

Persons taking childcare leave

		FY2020	FY2021	FY2022
Ratio of persons taking childcare leave	Men	68.3%	77.1%	87.0%
	Women	100%	100%	100%
Ratio of childcare leave takers who return to work	Men	100%	100%	80%
	Women	100%	100%	85%

* The male ratio includes persons taking childcare leave and spouse maternity leave

Ratio of persons taking annual paid leave

	FY2020	FY2021	FY2022
	14.4 days	13.4 days	17.2 days

* Including annual paid leave carried over from the previous fiscal year

Overtime

	FY2020	FY2021	FY2022
Overtime hours (monthly average per person))	27.4 hours	23.6 hours	23.3 hours

Intellectual Property

JDI addresses the challenges faced by people and society by continually spearheading innovation.

Basic policy

Intellectual property is an important management resource for JDI in its goal to make radical profit improvements by breaking away from excessive competition and commoditization through the development and commercialization of Global No.1 proprietary technologies.

JDI aims to enhance its corporate value by developing leading-edge displays in support of digital transformation, pioneering eco-friendly Green Tech, driving continuous innovation, and by protecting and capitalizing on its intellectual property.

In particular, JDI promotes activities based on the following 3 basic policies.
❶ To maximize customer value through intellectual-property-driven technology leadership
❷ To create innovation and incubate competitive new businesses
❸ To grow corporate value through the proactive use of intellectual property

Maximize Customer Value

Open Strategies   Closed Strategies

Intellectual Property
●Patents/Designs ●Know-how ●Copyrights

Universities/ Research Institu   JDI
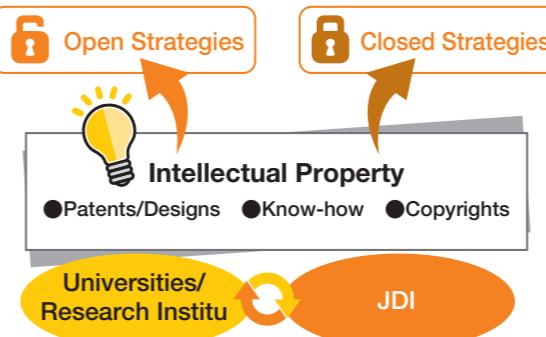
Promotion of Intellectual Property Strategies
<Intellectual Property Portfolio>

JDI is building a powerful intellectual property portfolio to support its Global No. 1 proprietary technologies and create customer value by providing display products in yet to be commoditized markets, realizing this through JDI's cutting-edge proprietary technologies like next-generation OLED, High Mobility Oxide, transparent interfaces, and ultra-high-definition VR technologies. In addition, while developing the fundamental technology, application technology and manufacturing technology cultivated in its display development, and planning to develop new businesses in various fields related to sensors and lighting, JDI is advancing the formulation of an intellectual property portfolio to protect JDI's Global No. 1 cutting-edge technologies.

This intellectual property portfolio includes patents, design rights, and trademarks in the United States, China, Japan and other countries and regions of the world as well as the expertise held in confidential information. JDI will always maintain JDI's technological competitiveness

using JDI's intellectual property portfolio as an important management resource by strategically integrating a mix of intellectual property.

Even in regards to intellectual property pertaining to products that shift into commodity markets as time passes, JDI develops it into intellectual property portfolio that is actively used as company assets.

FY2022 Results
Patents, Utility Model, and Design Rights (as of March 2023)
● Japan: 3,329
● Overseas: 8,400
Patents, Utility Model, and Design Applications (FY2022)
● Japan: 562
● Overseas: 657

<Incentive>

JDI has introduced compensation payment and internal commendation systems for inventors as a measure improving the incentives for inventors to strengthen the intellectual property portfolio. Under this commendation program, the JDI Representative Executive Officer celebrates inventors every year.

In addition, JDI enters its outstanding inventions to the National Commendation for Invention held by the Japan Institute of Invention and Innovation. At the 2022 Kanto Invention and Innovation Awards, JDI received the Chiba Governor Prize for the second year running.

JDI will continue to improve inventor incentives while further strengthening the intellectual property portfolio.

Intellectual Property Licensing Strategies and Policies
<Open/Closed Strategies>

JDI is working to actively capitalize on its intellectual property portfolio founded in open and closed strategies linked to its management and business strategies.

JDI aims to maximize intellectual property value, appropriately using closed strategies to protect the intellectual property portfolio for products achieved using innovative proprietary technology and open strategies to broaden technology use by granting licenses to JDI's partners. JDI will continue to actively promote licensing activities for patents related to the In Plane Switching (IPS) it has been cultivating for many years in the hope of expanding royalty earnings.
<Risk Management>

JDI carries out exhaustive patent clearance searches in setting up a business to prevent any potential infringements of third-party patent rights. Moreover, JDI pays close attention to the latest intellectual property transaction trends and gathers information for risk control.

Commitment to Quality

JDI strives to build a relationship of trust with its customers through careful and respectful communication, and to ensure that all departments involved in JDI's product planning, design, manufacturing, sales, and service understand customers' needs and provide products and services that meet those needs.

Quality Policy

1. To provide satisfying quality to customers in accordance with Our Mission.
2. To be responsible for our quality, act with speed and honesty, and make further improvements.
3. To be compliant to requirements and continually improve the quality management system.

Quality Assurance

JDI has established a quality management system to provide JDI's customers with trouble-free, reliable products and services based on JDI's Quality Policy. All departments involved in planning, design, manufacturing, sales and service work together as JDI promotes quality assurance activities. JDI has a management system in which the CEO is the head of quality management. The General Manager of the Quality Assurance Division, who supervises the entire company, is the person in charge of quality management, and the Quality Assurance Department of each business division promotes activities to ensure the quality of products and services received by customers and provided to business partners.

In JDI's quality management system, the PDCA (Plan, Do, Check, Action) cycle is implemented and continuously improved, and not only JDI but also many of JDI's business partners cooperate in quality management efforts to ensure product quality. JDI has also improved the customer support system so that customers can use JDI's products with confidence. Customer feedback is always focused and analyzed for further improvement.

Acquisition of ISO 9001 and IATF 16949 certifications

JDI designs, develops and manufactures products and carries out related activities to meet customer requirements in accordance with relevant laws and regulations. JDI has established and continuously improved a quality management system appropriate to JDI's products and organization to ensure the proper performance of these tasks. JDI has obtained ISO 9001:2015 certification for all Group companies involved in the design, development and production

Activities to Foster a Quality-Oriented Mindset

In order to gain a deeper understanding of the importance of the quality management system, we are working to foster employees' understanding by training in-house instructors and providing education on QMS and quality tools. In line with National Quality

■ **Continuous Improvement of Our Quality Management System**

PDCA Cycle

Management Responsibility

Plan

Check Action
Customer Satisfaction Survey

Resources Management

Measurement, Analysis, and Improvement

Do

Product Realization

Finished Product

➡ Value Adding Actions

of LCDs and OLEDs. Three automotive display manufacturing sites and other related sites engaged in design, development, and other related tasks have also achieved IATF 16949:2016. By conducting annual quality system audits, process audits, and product audits in accordance with the requirements of IATF16949, JDI confirms the status of the entire group and maintains and continues the certifications.

Month, we designate November as Quality Month every year, and work on the creation of opportunities for employees to raise their awareness on the maintenance and improvement of quality.

Product Development Quality Assurance and Mass Production Quality Management and Assurance

In the production of new products, JDI consults with customers during the product development stage to ensure that the product meets functionality and reliability requirements prior to mass production. During mass production, JDI monitors the quality of components and production processes. During mass production, JDI monitors the quality of components and production processes, investigates root causes using advanced analysis technologies when defects are found, and fully implements all necessary measures to maintain the high quality of products upon shipment.

Product reliability testing lab   Product durability evaluation

Advanced analysis techniques   Physical analysis

Advanced analysis techniques   Optical evaluation

Aging inspection during the manufacturing process

Enhancing a Worldwide Customer Support System

Each global sales subsidiary has a quality support team that acts as a customer service representative, responding to quality inquiries and conducting analyses. These global sales offices play a central role in coordinating with the sales teams, manufacturing sites, and quality assurance departments within them to respond promptly to customer needs and provide courteous and quality service.

Europe
JDI Europe GmbH

Korea
JDI Korea Inc.

China
JDI China Inc.

North America
JDI Display America, Inc.

Taiwan
JDI Taiwan Inc.

Hong Kong
JDI Hong Kong Limited

■ Headquarters
● Global Sales Subsidiaries
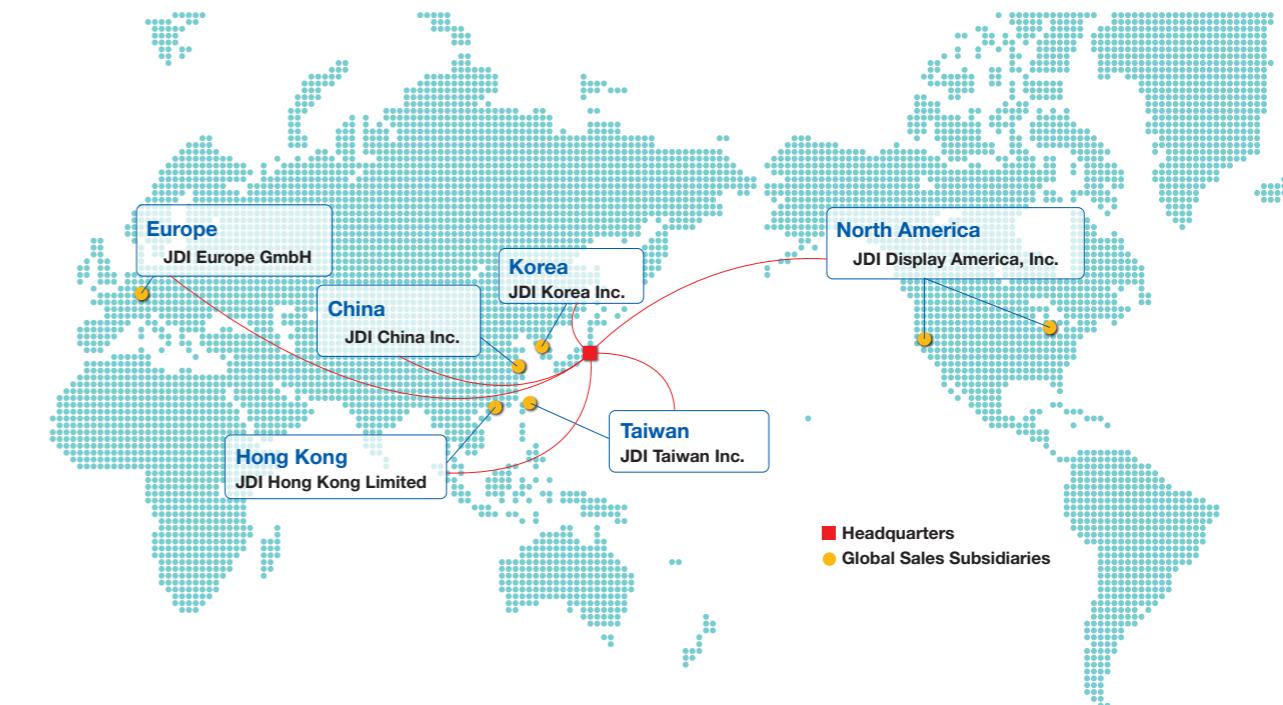
Occupational Health and Safety

In all business activities, employees can only perform at their best if their safety and health are ensured. JDI and its group companies will continue to strive to create a comfortable working environment in which employees can work with peace of mind and enthusiasm through various health and safety activities and measures to improve health management.

Safety and Health Activities

Safety and Health Policy

JDI will, in all business activities, operate to ensure a safe and pleasant workplace environment through efforts to prioritize the assurance of safety and health, so as to continue contributing to the realization of a secure and comfortable society.

1 We will maintain a high standard of occupational health and safety in recognition that doing so is one part of corporate social responsibility (CSR).

2 We will promote the continual improvement of corporate compliance as part of our companywide health and safety activities.

3 We will promote initiatives with the goal of eliminating occupational accidents and diseases to maintain a high standard of employee physical and mental health.

4 We will provide leadership in the establishment, operation, and improvement of occupational health and safety management systems (in compliance with the ISO45001), and will allocate and support management resources, including the necessary personnel, materials, and financial resources.

January 1, 2021
Scott Callon Chairman, CEO, & Representative Executive Officer

2022 Occupational Accident and Health Results

In fiscal 2022, JDI experienced a total of 11 occupational accidents, 10 at domestic sites and 1 at an overseas site, including contractor accidents. Taking each incident seriously, JDI had these incidents analyzed in detail at the relevant workplace, promptly investigated the cause, and took action, while striving to share information throughout the Group to prevent recurrence.

No More Occupational Accidents Month

JDI launched the Zero Occupational Accidents Month as a unique effort coinciding with the National Safety Week held throughout Japan annually. Through this initiative intensively carried out from June to July every year, we reflect on past occupational accidents, put in place comprehensive measures and ongoing checks, and make efforts to eradicate potential risks in the workplace in advance.

Disaster Prevention Measures Anticipating Earthquakes, Fires, and Other Emergency Situations

JDI conducts comprehensive earthquake evacuation drills annually at all fabs and offices to address the risks of building collapse, fire, and other emergencies caused by a major earthquake.

In fiscal 2022, we returned to normal activities, conducting mass evacuation drills which had been postponed for several years to prevent the spread of the novel coronavirus.

In addition, JDI has conducted various other training programs, including the use of firefighting equipment installed at each site in preparation for an emergency, AED lifesaving training, and training in the planned use of emergency stairways and evacuation equipment.

Training Course on How to Use Emergency Stairways and Evacuation Equipment   Initial Fire-Fighting Training   Comprehensive Earthquake Evacuation Drills

Measures to Prevent the Spread of the Novel Coronavirus

Also in 2022, JDI has taken sufficient measures to ensure employees' daily health observation, encouraging telecommuting, and urging them to avoid the three Cs in their daily lives in line with the "Stricter COVID-19 Measures" issued by the government.

In addition to conducting workplace vaccinations (3rd boosters) that included family members at 2 sites, the Tottori Fab and the Mobara Fab, we also worked to improve the vaccination rate by providing paid vaccination leave to eligible employees.

Novel Coronavirus Workplace Vaccination

Health Management Initiatives

Health Declaration

JDI's mission is "PersonalTech For A Better World."
We regard health as foundational to all of JDI's business activities and support our employees on their journeys of self improvement and work to improve the quality of JDI's work environments with the goal of contributing to the realization of a better world for all.

January 1, 2021
Scott Callon Chairman, CEO, & Representative Executive Officer

2023 Certified Health & Productivity Management Outstanding Organization

The Ministry of Economy, Trade and Industry recognized JDI health management initiatives, Certifying the company as a 2023 Certified Health & Productivity Management Outstanding Organization this year again.

2023
健康経営優良法人
Health and productivity

* The Certified Health & Productivity Management Outstanding Organizations Recognition Program is a program established by the Ministry of Economy, Trade and Industry in fiscal 2016 to highlight outstanding large enterprises and SMEs implementing health and productivity management.

Purpose of Health Management

JDI has set a goal to support independent employee health management in an effort to enhance the work environment with the hope of fostering enthusiasm in each and every employee.

■ Conceptual Drawing of Health Management

Contributing to the Realization of a Safe and Comfortable Society

Promotion of Employee Health Higher Employee Enthusiasm   Organizational Motivation Higher Productivity
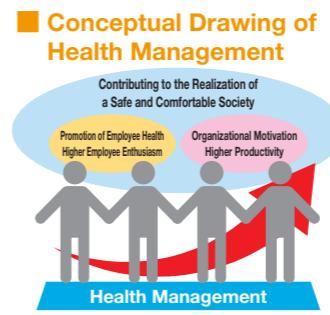
Health Management

Strategy Map

A strategy map has been formulated to make it easier to visually understand the connection between business challenges to be solved through health management and specific initiatives (health investment and expected effects).

■ Strategy Map
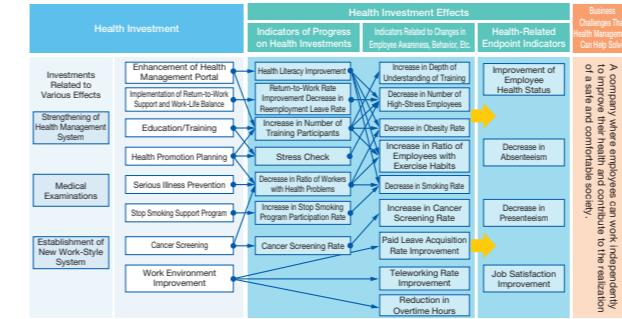
Health Management System

The Health Management System is a material sustainability issue that positions health as the core foundation of all JDI business activities, with the goal of actively supporting employees' independent health promotion.

■ Health Management System
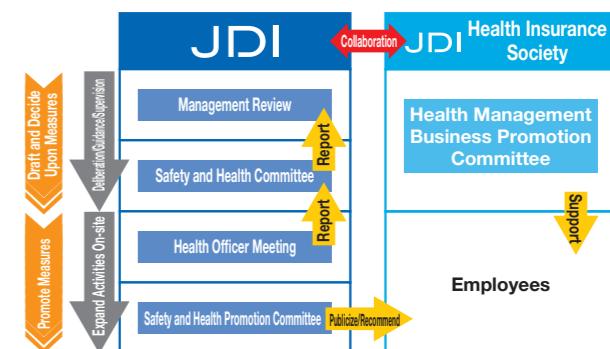
Slogan for Health Promotion Improve 3

JDI has set three goals, collectively called the JDI Improve 3, to ensure that everyone who works at JDI can reduce health risks in the future to improve themselves and their lives. "Improve" means to improve oneself by acquiring knowledge and other skills in a way that demonstrates increased value (capability).

Social Contribution Activities

JDI carries out a wide range of social contribution activities at domestic sites and global subsidiaries.

FY2022 JDI Social Contribution Activities and Results

In fiscal 2022, as a measure to prevent COVID-19 infection and due to geopolitical challenges, JDI continued to limit and scale back social contribution activities in countries and regions around the world; however, the following activities were successfully carried out.

The new activity that characterized fiscal year 2022 was humanitarian assistance to Ukraine.

Country/Region	Site	Activity Details	Date	Reference
Japan	Headquarters	Ukrainian Refugee Assistance Donation of Transparent Interface Rælclear	April 2022	Shirakawa City and 4 Towns and Villages in Nishishirakawa District, Fukushima Prefecture
			July 2022	Tsukubamirai City, Joso City, Moriya City, Bando City, Ibaraki Prefecture
			July 2022	Ukraine Embassy in Japan
			December 2022	Shizuoka Prefecture
	Mobara Fab (JDI Mfg. Campus)	Fab Neighborhood Cleanup	September 2022	Voluntary Activity
		Provided location for fire ladder truck exercises	November 2022	Chosei area Fire Department, Chiba Prefecture
		Blood Drive	December 2022	Host: Chiba Red Cross Blood Center, Japanese Red Cross Society
		Fab Neighborhood Cleanup	February 2023	Voluntary Activity
	Tottori Fab	Blood Drive	May 2022	Host: Blood Center, Japanese Red Cross Hospital
		Fab Neighborhood Cleanup	May, June, July, September, and October 2022	Voluntary Activity
		Zero Ocean Trash	June and September 2022	Host: Umi-to-Nippon Project, The Nippon Foundation
		Event for Selling Products Created at Welfare Centers	July 2022	Sales event of bread, cakes, etc. made by people from welfare facilities
		Volunteer Weeding Activities in the Tottori Sand Dunes	July, August and November of 2022	Host: Tottori Prefecture
		Acceptance of corporate trainees	October 2022	Host: Kurayoshi Campus, Tottori Prefectural Industry Personnel Training Center
		Acceptance of company tours	December 2022, January and March 2023	Tottori Prefectural School for the Visually Impaired, Tottori University School for Children with Special Needs, etc.
		Nursing Practice	February 2023	Tottori City College of Medical Health and Nursing
	Ishikawa Fab	Occupational Health Nursing Internships (WEB)	April to June 2022	Ishikawa Prefectural Nursing University
	Higashiura Fab	Fab Neighborhood Cleanup	October 2022	Voluntary Activity
		Blood Drive	December 2022	Host: Higashiura-cho Blood Drive Promotion Council
China	JDIC	Volunteer Activities During Shanghai Lockdown	March to June 2022	Support for Neighborhood Residents, Elderly People, Local Governments, etc.
U.S.	JDIDA	Promoted Blood Drive Participation	April 2022	
		Encouraged Participation in Community Social Contribution Activities	August to December 2022	Back to school Dirve, Halloween Custume Drive, etc
Germany	JDIE	Fund-raising and Donation for Humanitarian Aid to Ukraine	April 2022	Donation of €10,000 to the support group, Aktion Deutschland Hilft.
Philippines	NXP	Donating First Aid Kits to Elementar Schools, Planting Trees, and Directing Firefighting Training	December 2022	
		Donation of School Supplies to Elementary Schools	February 2023	Donation of Printers, Whiteboard Markers, etc. to four Elementary Schools

■ Activities Up-Close

Ukrainian Displaced People Assistance Activities

As part of the activities to support Ukrainian displaced persons, Ichigo Asset Management, Ltd. and JDI jointly donated the transparent interface Rælclear, which can be used as a two-way translation monitor, to the communities that had received Ukrainian displaced persons as one of the solutions to overcome the language barrier that these communities faced in accepting them. This is one of the examples in which a product equipped with JDI's technology has made a concrete social contribution.

In Europe (Germany), donations from JDIE employees and JDI's matching gift system were utilized to donate €10,000 to the support group, Aktion Deutschland Hilft.

NXP (Philippines)

Nanox Philippines Inc., JDI's manufacturing subsidiary in the Philippines, actively engages in social contribution activities every year.

In fiscal 2022, Nanox donated personal disaster response kits to all 113 children at a nearby elementary school and provided guidance and support for tree planting and firefighting drills on December 2.

In February 2023, they also donated office equipment, including printers, whiteboard markers and chalk, and COVID-19 supplies, including masks and rubbing alcohol, to four nearby elementary schools.

Relationships with Our Business Partners

JDI is committed to fair, equitable, and open business dealings with business partners and to green procurement.

Procurement Policy

1 **Developing Transparent Sourcing Practices and Strong Partnerships**
JDI is working to become the best buyer in the world by promoting our open procurement system on a global basis. We work with our business partners to build trusted and profitable relationships.

2 **Selecting Business Partners Based on Fair Evaluation**
JDI selects business partners through a reasonable process that honestly evaluates their quality, price, delivery time, service, consistency of supply, and concern for the environment.

3 **Adhering to Procurement-related Regulations**
JDI complies with all relevant regulations when procuring materials in accordance with sound business practices.

4 **Promoting Sustainability and CSR Activities In the Supply Chain**
We contribute to building a sustainable society and work with our business partners on sourcing activities to fulfill our corporate social responsibility.

Requests to Business Partners

JDI is making the following requests to address sustainability throughout our supply chain.
(1) Distribution of guidebooks requesting compliance
JDI distributes the JDI Supply Chain Sustainability Promotion Guidebook, which outlines the guidelines for JDI's sustainability initiatives, to all primary business partners and to secondary business partners that JDI procures from via trading companies, requesting their compliance.

(2) Voluntary supplier audits
JDI regularly conducts volunteer audits using the Voluntary JDI Supplier Sustainability Survey for all primary business partners and secondary business partners used for procurement through trading companies to confirm our business partners' compliance status.

JDI Supply Chain Sustainability Development Guidebook
https://www.j-display.com/company/sustainability_guidebook_ver3.0.pdf

Whistleblowing Hotlines for Business Partners

As part of our promotion of compliance management, we have established whistleblowing hotlines for business partners with the aim of early detection of fraudulent acts in procurement transactions carried out under the cooperation of our business partners. The whistleblower hotlines are handled by JDI's outsourcing legal office, and we have established a system that allows a fair and impartial investigation and measures to be taken in the event of a whistleblowing.

Whistleblowing Hotlines for Business Partners
https://www.j-display.com/company/policy.html

Responsible Minerals Sourcing

JDI conducts surveys, on customer request, to identify conflict minerals usage and the smelters and refiners sourcing said minerals. JDI also asks its business partners to work towards the non-use of conflict minerals in the supply chain. JDI is working to fulfill its social responsibilities by promoting, with its business partners, the non-use of conflict minerals in the supply chain.

■ JDI Conflict Minerals Survey System (JCOMS)
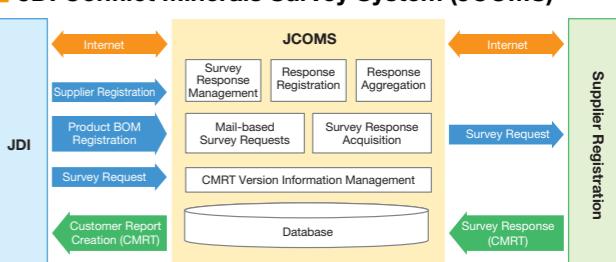
Environmental Management Activities

JDI has established an environmental management system and strives for continuous improvement based on activity plans determined by environmental management reviews and environmental targets corresponding to JDI's environmental policy. In fiscal 2022, all activities were implemented as planned and all environmental targets were achieved.

Environmental Policy

Recognizing that global environmental conservation is one of the most important challenges for humanity, Japan Display Inc. aims to be a company that respects people and the environment and contributes to a sustainable world.

Basic Policy

- We will continually improve our environmental management system and will work to reduce the negative environmental impacts of our display products across the product life cycle.
- We will comply with all domestic and overseas laws and regulations and maintain strict company environmental standards.
- We will set environmental targets and other objectives related to the following priority themes and promote activities that will lead to their achievement.

Priority Themes

1 We will work to reduce the environmental burden of our business activities.
We will: **1-1)** Promote global warming countermeasures, energy conservation, and the effective use of water;
1-2) Thoroughly manage chemical substances and promote their reduction and substitution;
1-3) Promote the 3Rs (Reduce, Reuse, Recycle) to address waste.

2 We will reduce the environmental burden of our products.
We will: **2-1)** Promote the development of environmentally conscious products;
2-2) Thoroughly manage chemical substances contained in our products;
2-3) Promote green procurement.

3 We will undertake activities to protect and promote biodiversity and to improve the environments of our local communities.

Environmental Management Organization

The JDI environmental management system in Japan, with the Representative Executive Officer/CEO as the Chief Environment Officer, consists of the Environmental Management and Environmental Promotion Officers, the Shinbashi, Ebina, and Higashiura offices, and manufacturing sites to promote continuous environmental management activities. JDI's global manufacturing subsidiary has also set have also set up environmental management systems to promote environmental activities. To secure the consistency of environmental activities across JDI, we are working to strengthen governance at at our subsidiary through means such as periodic liaison conferences.

■ **Environmental Management System (Coordination between the domestic management system and the global manufacturing subsidiary)** (As of July, 2023)
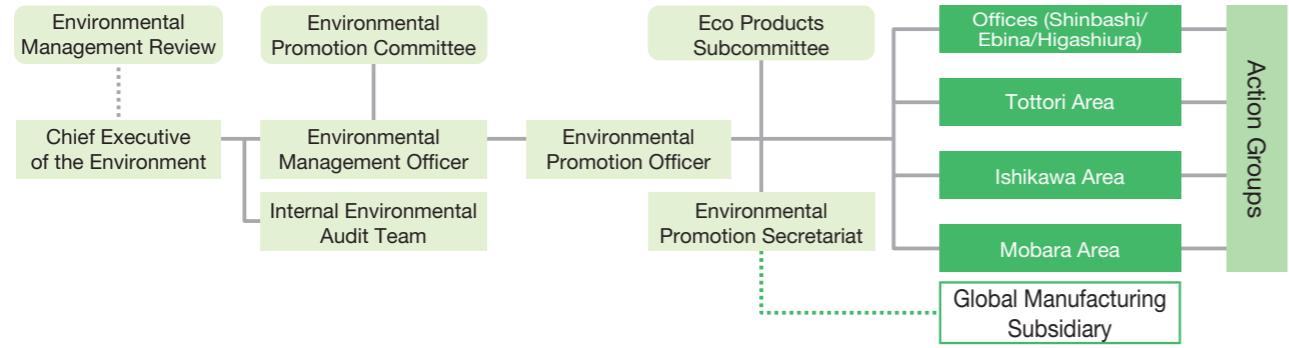
Activity Plans and Results

In accordance with activity plans approved through Environmental Management Reviews, JDI operates a PDCA cycle to implement continuous improvement activities.

■ FY2022 Activities and Results

Items	Category	1st Quarter (April–June)	2nd Quarter (July–September)	3rd Quarter (October–December)	4th Quarter (January–March)
Environmental Management Review	Plan				○ Environmental Management Review (Mar)
	Results				● Environmental Management Review (Mar. 29)
Environmental Promotion Committee	Plan			○ Environment Promotion Committee (Oct)	○ Environment Promotion Committee (Mar)
	Results			● Environment Promotion Committee (Oct. 13)	● Environment Promotion Committee (Mar. 14)
Internal Audits External Audits	Plan		○ Internal audits (Jul.-Aug.)	○ External Audit (Nov)	
	Results		● Internal audits (Jul.-Aug.)	● External Audit (Nov.17-18)	
Management Message	Plan				○ Energy Conservation Month Message (Feb)
	Results	● Environment Month Message (Jun. 1)			● Energy Conservation Month Message (Feb. 1)
Legal Compliance Confirm Target Progress	Plan	○ FY2021 Results (Apr)	○ 1st Quarter results (Jul)	○ 2nd Quarter results (Oct)	○ 3nd Quarter results (Jan)
	Results	● Achieved all topics with no issues in compliance activities	● No compliance activity problems, one target not reached in 1st Quarter[*1]	● Achieved all topics with no issues in compliance activities	● Achieved all topics with no issues in compliance activities
Environmental Education	Plan	○ General environmental education (Jun) ○ Auditor training (Apr.-Jul.) ○ Auditor BU training (Jun.-Jul.)	○ Auditor BU training (Jun.-Jul.)	○ Product-related environmental education (Oct.-Dec.) ○ Auditor training (Oct. - Dec.)	
	Results	● Sustainability education (Jun.-Jul.)[*2] *Auditor training (1Q: None)	● Auditor BU training (Jun.-Aug.)	● Product environmental education (Oct. - Nov.) ● Auditor training (Tottori)	● Auditor training (Headquarters)
External Communication	Plan	○ Update of environmental website (Apr)	○ Publication of Sustainability Report (Japanese version, August)	○ Update of environmental website (Oct.-Nov.)	
	Results	● Update of Management Message (Jun. 1)	● Completed: Aug. 30, Published: Aug. 31	● Update of external websites (Dec. 27)	
Strengthening of Governance at Locations Including Global Manufacturing Subsidiary	Plan	○ Business liaison meeting (Apr)	○ Business liaison meeting (Jul) ○ Product liaison meeting (Sep.-Oct.)	○ Business liaison meeting (Oct)	○ Business liaison meeting (Jan) ○ Product liaison meeting (Feb.-Mar.)
	Results	● Business liaison meeting NXP (Apr. 26), SE (Apr. 27)	● Business liaison meeting: SE, NXP (Aug. 31) ● Product liaison meeting: SE (Sep. 21)/ NXP (Sep. 26)	● Business liaison meeting: NXP (Oct. 24)	● Business liaison meeting: NXP (Feb. 1) ● Product liaison meeting: NXP (Mar. 7)
Develop Annual Plan for Next Year	Plan				○ Development of plan (Feb.-Mar.)
	Results				● Development of plan (Mar. 31)

*1 Whole company: One case where the cumulative reduction plan for total water consumption was not achieved in Q1, but the annual environmental target was achieved due to recovery measures from Q2 onwards.
*2 General environmental education has been integrated with CSR education and renamed sustainability education.
*3 SE (Suzhou JDI Electronics Inc.) was sold in December 2022.

■ FY2022 Environmental Plans and Results/FY2023 Environmental Targets

No.	Action Items	FY2022 Targets and Results					FY2023 Targets and Results	
		Indicator	Target Value	Actual Value	Evaluation[*4]	Overall Evaluation[*5]	Indicator	Target Value
①	Reduction of emissions of energy-derived CO_2[*1]	Reduction Amount (t-CO_2)	1,880 or more	9,290	○	○	Reduction Amount (t-CO_2)	825 or more
		Absolute Amount (t-CO_2)	414,642 or less	363,420	○		Absolute Amount (t-CO_2)	285,478 or less
②	Reduction of total water consumption[*2]	Reduction Amount (thousand m³)	5 or more	10	○	○	Reduction Amount (thousand m³)	153 or more
		Absolute Amount (thousand m³)	18,140 or less	15,662	○		Absolute Amount (thousand m³)	12,098 or less
③	Reduction of discharge amount of waste, etc.[*3]	Reduction Amount (t)	72 or more	182	○	○	Reduction Amount (t)	72 or more
		Absolute Amount (t)	14,827 or less	11,802	*		Absolute Amount (t)	8,085 or less
④	Thorough management of chemical substances and promotion of their reduction and substitution	No misapplication of chemical substances		Appropriate management	○	○	No misapplication of chemical substances	
⑤	Implementation of biodiversity conservation activities and environment-related activities in the local community	Implemented as planned		Implemented as planned	○	○	Implemented as planned	
⑥	Develop Eco-products with the product life-cycle taken into consideration	Promotion of the development of Eco-products		Suitable	○	○	Promotion of the development of Eco-products	
⑦	Confirmation of chemical substances contained in products in the development process	Appropriate management of judgment on contained chemical substances		Suitable	○	○	Appropriate management of judgment on contained chemical substances	
⑧	Promotion of the environmentally conscious procurement activities	Discussion about Green Procurement Guideline revisions in light of legal and other considerations		Suitable	○	○	Discussion about Green Procurement Guideline revisions in light of legal and other considerations	

*1 CO_2 emissions resulting from electricity usage are based on 0.476t-CO_2/MWh (the receiving-end CO_2 emission intensity in 2011 released by the Federation of Electric Power Companies of Japan). The other conversion factors are based on the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures.
*2 Total amount of water used = amount of water received + amount of water recovered and recycled (total amount of water ≈ total amount supplied under optimum balance of water received and water recovered and recycled)   *3 Waste, etc. = General waste + Industrial waste + Valuables   *4 "○" indicates that target was achieved (*monitoring item)
*5 The reduction amount is the main topic, the absolute amount is the sub topic, and the achievement of the main topic is indicated with "○".

■ FY2022 Activity Results of Domestic Sites and Global Manufacturing Subsidiary

Initiative	Domestic sites	Global Manufacturing Subsidiary
Environmental Targets	Goals are met in all areas	Goals are met in all areas
Compliance activities	In Mobara, a past notification omission related to the Water Pollution Control Law, etc. was found, and this notification has been completed	No non-conformance in conformance evaluation.
Internal audits	Actions for 8 findings have been completed at all sites	The actions to address the findings have been completed at all sites.
External examinations	Conducted at Headquarters, Ebina and Tottori (surveillance audit) with no findings	The actions to address the findings have been completed at all sites (certification process ongoing)

Organization Chart:
- Environmental Management Review
- Environmental Promotion Committee
- Eco Products Subcommittee
- Chief Executive of the Environment
- Environmental Management Officer
- Internal Environmental Audit Team
- Environmental Promotion Officer
- Environmental Promotion Secretariat
- Offices (Shinbashi/Ebina/Higashiura)
- Tottori Area
- Ishikawa Area
- Mobara Area
- Global Manufacturing Subsidiary
- Action Groups

TCFD Information Disclosure

The Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board (FSB), has called for companies to disclose information on climate change, including climate-related risks and opportunities and governance. JDI actively promotes the disclosure of information on climate change in accordance with the recommendations of the TCFD.

Responding to Climate Change

1 Governance

Recognizing the issue of climate change as one of the important challenges for our corporate management, JDI has established various committees and management systems related to environment, society, and governance to address climate change issues while working on ESG issues. The Board of Directors receives annual reports on sustainability, including climate change issues, as well as reports from the management system in a timely and appropriate manner, and oversees discussions and issues being addressed as needed, and approves key decisions. The CEO has the highest level of executive responsibility for climate change issues.

2 Strategy

We aim to further reduce greenhouse gas emissions by, among other actions, promoting energy-saving activities to realize a decarbonized society and exploring the use of renewable energy. Recognizing that rising temperatures due to climate change will have a severe impact on society, we have been conducting scenario analysis for the period through 2050 using the 1.5°C and 4°C scenarios since fiscal 2022. We will incorporate measures to address the medium- to long-term risks and opportunities of climate change into JDI's business plans and proactively promote them.

3 Risk Management

JDI's Sustainability Department is the responsible department in identifying climate-related risks and opportunities. We have identified potential climate-related risks and opportunities associated with new regulations, products/services, and markets in accordance with the risk management flow within each responsible department. The responsible department appropriately manages the process of identifying, evaluating, and managing company-wide risks, including climate-related risks, based on risk management regulations.

4 Metrics and Targets

Regarding JDI's environmental impact indicators, from fiscal 2021, we began calculating and disclosing Scope 3 emissions in addition to Scope 1 and Scope 2 emissions in order to gain an overall view of total emissions in all relevant categories and to identify emissions to be reduced immediately. To reduce GHG emission, we will set mid- to long-term reduction targets and aim to obtain SBT certification within a few years. At the same time, we will set a renewable energy ratio target for fiscal 2025, which is the latest target, and actively promote the reduction of environmental burdens throughout the value chain.

■ Scenarios, Scope, and Timelines

Estimated Temperature Rise	Scenario	Environment	Scope of Business	Timeline	Analysis Period
1.5°C	[Transition] IEA[*1] NZE[*2]	JDI presents a path for stabilizing global mean temperature at 1.5°C from pre-industrial levels. Low-carbon policies have been promoted, carbon prices have risen, and fossil fuel supply has decreased significantly. Scenarios in which clean energy policies and investments are rapidly increasing and developed countries are leading other countries to reach net zero.	Company-wide	Short term: 1 to 3 years Medium term: 3 to 10 years Long term: 10 years or more	2030 2050
1.5°C	[Physical] SSP[*3] 1 - 2.6	Introduction of climate policies to keep temperature increases below 2°C from pre-industrial levels under sustainable development. 21 Net CO_2 emissions are expected to be zero in the second half of the century. Low stabilization scenario.			
4°C	[Physical] SSP5 - 8.5	High-level reference scenarios that do not introduce climate policies under fossil fuel-dependent development.			

*1 IEA: (International Energy Agency)
*2 NZE: (Net Zero Emissions by 2050 Scenario)
*3 SSP: (Shared Socioeconomic Pathways)

■ JDI's Risks and Opportunities, Business Impacts and Countermeasures

Categories		Risk/Opportunity Factor	Time Axis	Financial Impact*		Countermeasure
				1.5°C	4°C	
Risks of Transfer	New Regulation	Increase in raw material costs due to carbon tax hike	Long-term	Large	—	● Incorporate climate change factors into self-audit items by suppliers ● Add climate change items to the provisions of the Basic Procurement Agreement
Risks of Transfer	New Regulation	Increase in outsourcing costs due to carbon tax hike	Mid-term	Large	—	● Conduct surveys on emissions and reduction activities by contractors ● Add climate-change items to the guidelines for JDI manufacturing contractors
Risks of Transfer	New Regulation	Increase in costs for decarbonization due to rising carbon taxes and tightening regulations	Mid-term	Medium	—	● Improve production intensity by applying eLEAP production techniques ● Switch to external manufacturing strategy ● Reduce energy consumption by improving operations at manufacturing sites
Risks of Transfer	New Regulation	Increase in taxable costs due to carbon tax	Long-term	Large	—	● Promote renewable energy introduction ● Establish SBT and promote initiatives to achieve targets
Risks of Transfer	Reputation	Decline in sales due to customers being removed from the supply chain due to a decline in their evaluations of approaches to addressing climate change issues	Mid-term	Large	—	● Promote activities based on TCFD framework and disclose results
Physical Risks	Acute Risks	Decline in sales due to supply chain disruption caused by frequent and severe natural disasters	Mid-term	—	Large	● Create multi-supplier system ● Secure inventory of appropriate parts and materials based on BCP verification ● Keep product inventory at sales companies
Physical Risks	Acute Risks	Decrease in sales due to discontinuation of in-house production activities due to frequent occurrence and enlargement of natural disasters	Mid-term	—	Medium	● Maintain product inventory at sales companies ● Create multiple production sites ● Expand outsourcing of manufacturing
Physical Risks	Chronic Risks	Loss on sales opportunities due to a decline in labor productivity caused by an increase in temperature	Mid-term	—	Small	● Diversify production system by outsourcing to outside manufacturing companies in different geographies
Physical Risks	Chronic Risks	Increased BCP response costs due to frequent occurrence and enlargement of natural disasters	Mid-term	Large	Large	● Undertake continuous BCP review
Opportunity	Products/ Services	Increased sales through licensing of eLEAP technologies that contribute to reducing greenhouse gases	Mid-term	Large	—	● Expand into a wide range of display products through licensing ● Undertake strategic planning and sales promotion to expand sales to new customer segments
Opportunity	Products/ Services	Increased sales through licensing of HMO technology, which realizes drastic power savings	Mid-term	Large	—	● Expand into a wide range of display products through licensing
Opportunity	Products/ Services	Increased sales of solutions that are useful in disaster-prevention measures, such as disaster-simulation VR	Mid-term	—	Small	● Formulate strategies to expand sales targets to new customer segments in addition to universities and hospitals
Opportunity	Market Change	Increased demand for low-power eLEAP	Mid-term	Large	—	● Expand our supply network through technological provision of eLEAP to other companies ● Ensure superiority in the market through continuous technological improvements
Opportunity	Market Change	Increase in demand for high-definition displays due to growth in the metaverse market through energy conservation	Mid-term	Medium	—	● Make capital investments to increase in-house production
Opportunity	Market Change	Increased demand for LumiFree by promoting energy conservation	Mid-term	Medium	—	● Aiming for early market launch and improved recognition

* Financial Impact: Take the income in fiscal 2022 as zero base point, increase/decrease due to climate-related risk and opportunity factors.

Results of Scenario Analysis

In a world in which temperature increases have been limited to 1.5°C in 2050, we expect to capture significant opportunities through our proprietary technologies. Thus, we can confirm that our growth strategy, METAGROWTH 2026, will bring long-term opportunities through technologies and services that are effective in the low-carbon transition. We are working to help achieve this 1.5°C 2050 world with our Global No.1 proprietary technologies.

Greenhouse Gas Emissions Based on the GHG Protocol

JDI calculates greenhouse gas emissions based on the GHG Protocol*1 and promotes initiatives to reduce greenhouse gas emissions resulting from business activities and the use of JDI's products.

■ **Breakdown of Scope 1, 2, and 3 emissions**

Category			Emissions (t-CO$_2$e)		Reference
			FY2021	FY2022	
Scope1 (Direct greenhouse gas (GHG) emissions that are controlled or owned by an organization (fuel combustion/industrial processes))			89,235	71,635	
Scope2 (Indirect greenhouse gas (GHG) emissions associated with the use of electricity, heat and steam supplied by a third party)			380,169	325,359	
Scope1+2 (total)	JDI		469,404	396,994	
Scope3 (Indirect emissions other than Scope 1 and 2 emissions)	Upstream	1) Purchased Goods and Services	720,711	704,210	
		2) Capital Goods	15,123	12,112	
		3) Fuel- and Energy-Related Activities	68,671	59,602	
		4) Upstream Transportation and Distribution	93,484	143,853	
		5) Waste Generated in Operations	904	968	
		6) Business Travel	165	326	
		7) Employee Commuting	1,308	1,246	
		8) Upstream Leased Assets	—	—	Not Applicable
	Downstream	9) Downstream Transportation and Distribution	577	7,248	
		10) Processing of Sold Products	24,119	18,373	
		11) Use of Sold Products	303,983	322,662	
		12) End-of-Life Treatment of Sold Products	4	2	
		13) Downstream Leased Assets	—	—	Not Applicable
		14) Franchises	—	—	Not Applicable
		15) Investments	—	—	Not Applicable
Scope3 (total)			1,229,049	1,270,604	
Scope1+2+3 (total)			1,698,453	1,667,597	

*1 GHG Protocol Standard: International standard for calculating and reporting greenhouse gas (GHG) emissions

Reason for Some Categories being Not Applicable
● Category 8: JDI includes emissions from the operation of tenant offices and other assets leased by the organization as Scope 1 and 2 emissions.
● Category 13 to 15: JDI does not engage in any applicable operations

■ **Top 3 Emissions by Category in Scope 3**
● **Category 1: Purchased Goods and Services**
The value was calculated based on the purchase amount of direct procurement and indirect procurement related to production in the relevant fiscal year.
● **Category 4: Upstream Transportation and Distribution**
The value was calculated on the basis of transportation volume (ton-kilometers), which represents emissions from transportation as a cargo owner in Japan and overseas.
● **Category 11: Use of Sold Products**
The value was calculated based on the lifetime power consumption of major products sold in Japan and overseas.

FY2022 Targets and Results

| ■ Scope1 | ■ Scope2 | ■ Scope3-1 | ■ Scope3-2 | ■ Scope3-3 | ■ Scope3-4 |
| ■ Scope3-5 | ■ Scope3-6 | ■ Scope3-7 | ■ Scope3-9 | ■ Scope3-10 | ■ Scope3-11 |
| ■ Scope3-12 |
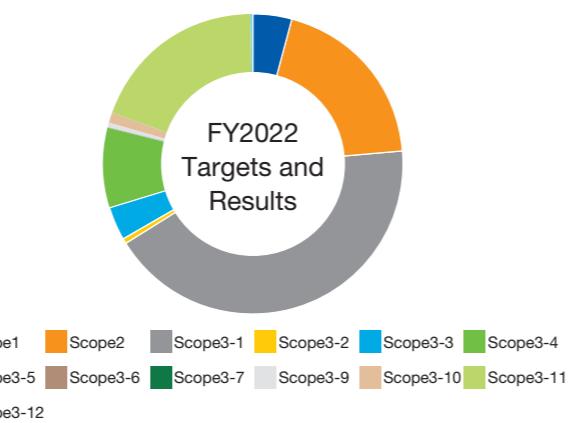
Value Chain and Environmental Risks

JDI is committed to environmental initiatives that are not limited to JDI's own operations, but extend throughout the value chain of the entire product life cycle.

JDI's Value Chain and Efforts to Minimize Environmental Risks

JDI continuously implements air and water quality management to minimize the risk of environmental pollution and ecosystem degradation. JDI engages in environmentally friendly business activities throughout the value chain of JDI's products, from raw material procurement, transportation, and production to customer and market use and final disposal. In cooperation with JDI's business partners, JDI implements thorough chemical substance management and uses environmentally friendly materials. In response to customer and market demands, JDI provides products and services that contribute to the reduction of environmental impact, such as thin-and-light compact design and low power consumption

■ **Value Chain**

JDI's business activities

Planning and Design

Raw materials → Shipping → Production → Transportation → Customers, Markets → Recycling, Final Disposal
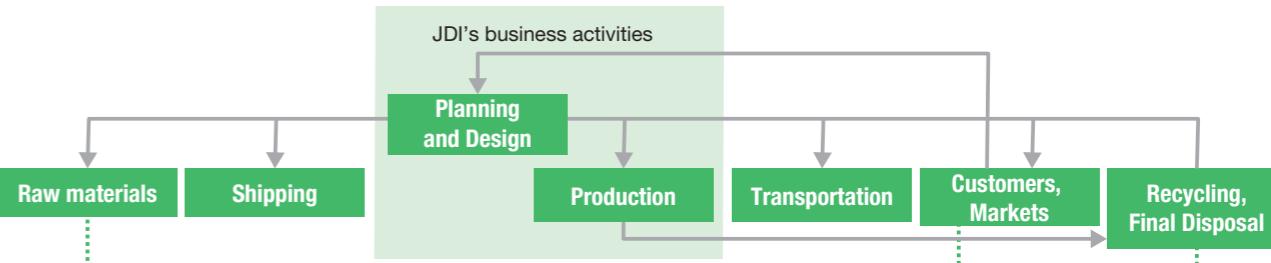
● Upstream Value Chain (Raw Materials, Shipping)
● Enforcement of chemical substances management through compliance with JDI's green procurement guidelines
● Recommendation to acquire ISO14001 certification
● Simplify and reuse packaging and improve shipping efficiency

● Downstream Value Chain (Customer, Market Use)
● Simplification and reuse of packaging, and improvement of transport efficiency
● Demands for green procurement; compliance with REACH, RoHS, and other laws and regulations

● Downstream value chain (reuse and final disposal)
● Design for reusability and reduced product and packaging volume

■ **Minimizing Environmental Risks**
● **Efforts to Prevent Air Pollution**
JDI operates facilities that emit smoke and soot and facilities that emit volatile organic compounds under the Air Pollution Control Law. Regular measurements and on-site inspections by the authorities in fiscal 2022 revealed that no measured items exceeded the regulatory levels. JDI will continue to work to manage air emission standards and improve related facilities.
● **Efforts to Prevent Water Pollution**
In accordance with the Water Pollution Control Law, JDI has established voluntary standards that are more than 20% stricter than regulated values for water discharged into rivers and sewage systems for 15 items related to the living environment and 28 hazardous substances, which are agreed upon with local government agencies that have jurisdiction over each of JDI's Fabs, and JDI conducts measurement control based on these standards. Regular measurements and on-the-spot inspections by authorities in fiscal 2022 found that no measured items exceeded the regulatory values. JDI will continue to work to improve the water quality management of discharged water and related facilities.
● **Chemical Substance Management**
JDI controls the use of chemical substances in manufacturing and other processes under internal rules categorized in accordance with legal regulations. JDI manages the use of chemical substances contained in products in accordance with the RoHS Directive, REACH, and other laws and regulations, as well as through green procurement. The same style of management is also used at our global manufacturing subsidiary to prevent environmental contamination, respond to statutory requirements, and reduce the environmental load.
● **Proper Waste Disposal**
JDI advocates for and works to reduce, reuse, and recycle waste in accordance with its environmental policy and 3R activities. In addition, in accordance with the Waste Management and Public Cleansing Act, JDI separates specially controlled industrial waste, industrial waste, and general waste, and conducts risk management for each. JDI adheres to proper waste disposal and also works to reduce the risk of illegal dumping.
● **Noise and Vibration Management**
JDI operates equipment (compressors, blowers, etc.) in accordance with the Noise Regulation Act, the Vibration Regulation Act, and other related regulations. Every year, JDI conducts noise and vibration measurements at the boundaries of JDI's premises to confirm that the levels are within regulatory limits. In fiscal 2022, there were no incidents that exceeded regulatory levels.

Energy Conservation Activities and Renewable Energy

JDI's environmental policy is to reduce the environmental impact of JDI's business activities, and JDI is undertaking various initiatives to achieve this goal.

To help realize a decarbonized society, JDI is focusing on improving energy efficiency through energy conservation activities that lead to the reduction of greenhouse gas emissions and is considering expanding the use of renewable energy.

Energy Conservation Activities

### Mobara Fab — Energy Saving Activities

The Mobara Fab is working on effective use of the energy data collection system aimed at conserving energy and saving resources.

Improvements have been made to this system, with visualization implemented since 2020 to enable plant personnel to verify the effects of energy-saving activities. Also, collected energy information that could be checked as process units is now divided so that it can be checked as equipment units, making it possible to capture equipment fluctuations in detail by time, data, month, and year.

To make further use of this system, the Mobara Fab devised a way to incorporate data from the air conditioning system so that the energy-saving effects and temperature/humidity fluctuations in the clean room (CR) could be viewed at once, and the data could be easily downloaded to improve data management in line with energy-saving activities.

The combination of this system and remote monitoring by cameras, etc., will further deepen energy-saving activities and increase the motivation of plant personnel toward energy-saving activities.

■ Energy Data Ingestion and Visualization
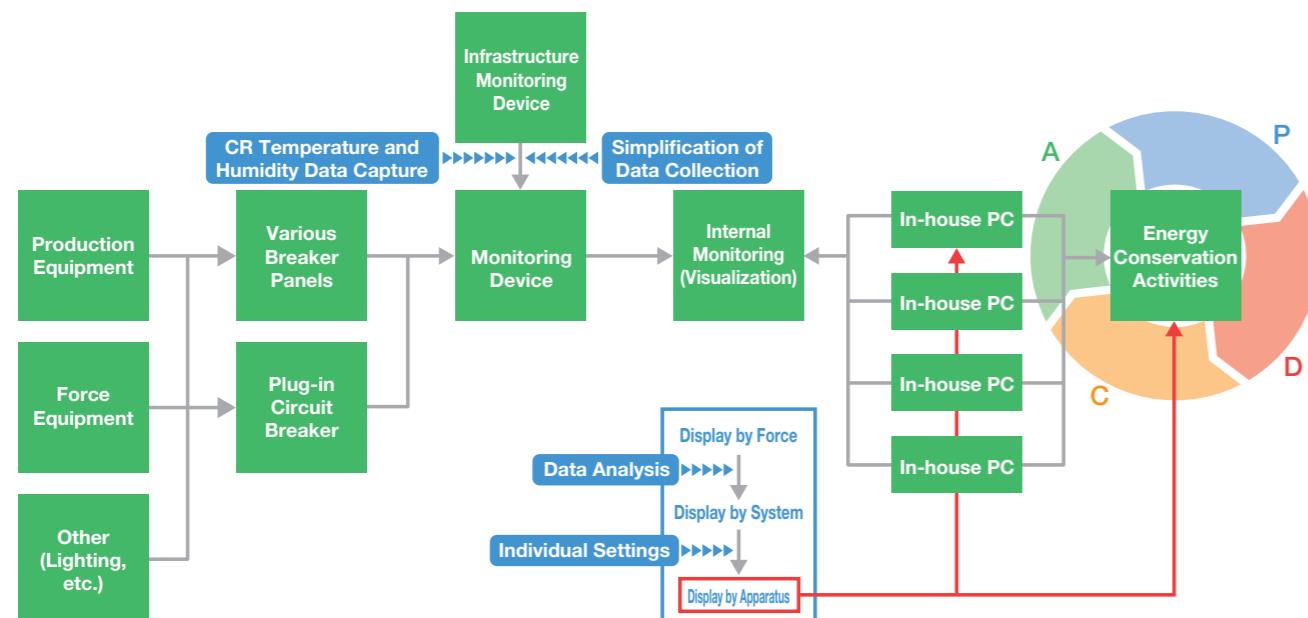
Improvements

■ Examples of Energy Conservation

In our clean rooms, we operate a stocker (a system for storing display glass substrates with a stacker crane to transport the substrates when necessary) in combination with a fan filter unit (FFU) so that the surface of the substrates will not be contaminated by foreign matter. The stacker crane is designed to move within the stocker while transporting the glass substrates between machines, but this movement generates air currents and static pressure, causing foreign matter to spread within the stocker. The FFU was therefore being heavily used to prevent substrate contamination. To prevent excessive use of the FFU and therefore save energy, JDI engineers reduced the speed of the stacker crane to a level below where foreign matter is spread by its movement.

Ishikawa Fab — Saving Energy Through Review of CGS Operating Decisions

In the Hokuriku region, where the Ishikawa Fab is located, lightning strikes are very frequent due to unseasonal weather. As a result, the Co-Generation System (hereinafter referred to as CGS) is used in production facilities and power plants to compensate for temporary voltage drops in the event of lightning strikes. Since CGS operation has a large environmental impact due to the use of fuel (Bunker A and LPG), proper CGS operation should be performed.

However, predicting lightning strikes, which are natural phenomena, is extremely difficult. Therefore, CGS operation was subject to loss because decisions were made with some margin of error based on information from the lightning strike monitoring system. As a countermeasure, improvements were made to reduce fuel consumption and save energy by reviewing the previous algorithm for judging weather conditions and making operational decisions.

■ Lightning Strike Monitoring System

Lightning Strike Nowcast

Lightning Strike Real Time Monitor

Reduced operating time by reviewing the past record of occurrence and passage of lightning, and the distance to the plant (relevant power lines) in the CGB operating decision.

Lightning Probability Forecast
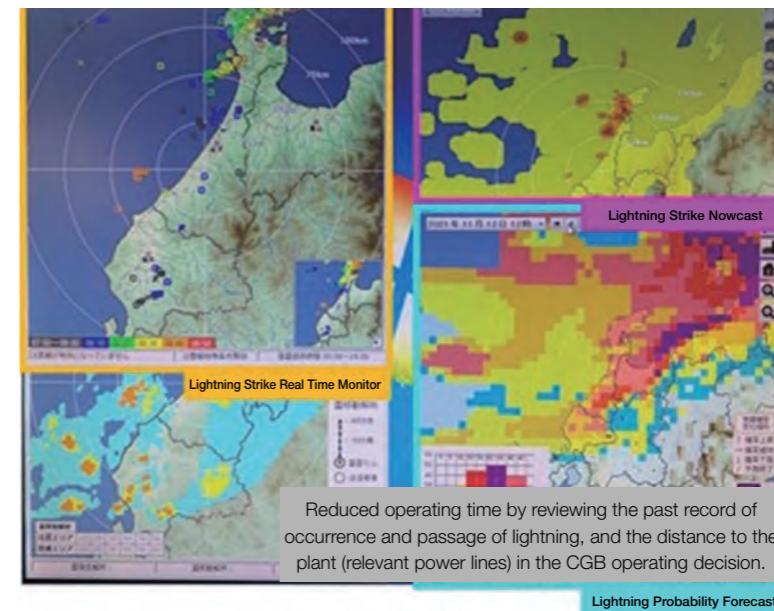
Renewable Energy Activities

The popularization and diffusion of renewable energy throughout society is becoming increasingly important from the perspectives of global warming countermeasures and diversification of energy sources. As a renewable energy initiative, JDI is considering installing and expanding solar power generation systems.

Tottori Fab — Renewable Energy Activities

As part of JDI's efforts to prevent global warming, the Tottori Fab introduced a rooftop solar power generation system in 2001.

The system was installed and launched jointly with the New Energy and Industrial Technology Development Organization (NEDO) to expand the use of solar power generation. Its maximum power output is 150 kW (with a total of 900 solar power generating panels).

The system generated 117 MWh of electricity in fiscal 2022, contributing to the reduction of approximately 55 tons of CO_2.

Solar panels

Chemical Substance Management

Our products contain a variety of chemical substances, some of which are considered hazardous and pose a risk of environmental contamination. To prevent this, numerous laws and regulations have been enacted in countries around the world.

In addition to complying with these laws and regulations, we also manage chemical substances appropriately at every stage of design and manufacturing to meet customer requirements.

Management of Chemical Substances Contained in Products

Based on laws and regulations, including the RoHS Directive, the ELV Directive, and the REACH Regulation, as well as requests from JDI's customers, JDI manages chemical substances contained in products with the understanding and cooperation of JDI's business partners.

JDI has also established a control method that considers the risk of chemical transfer to products from indirect materials, such as jigs, fixtures, tools, and equipment that come into direct contact with products during manufacturing, and verifies that no restricted substances are used.

We compile these items into a database and confirm that our products comply with laws and regulations and customer requirements at the design stage before they are shipped to our customers.
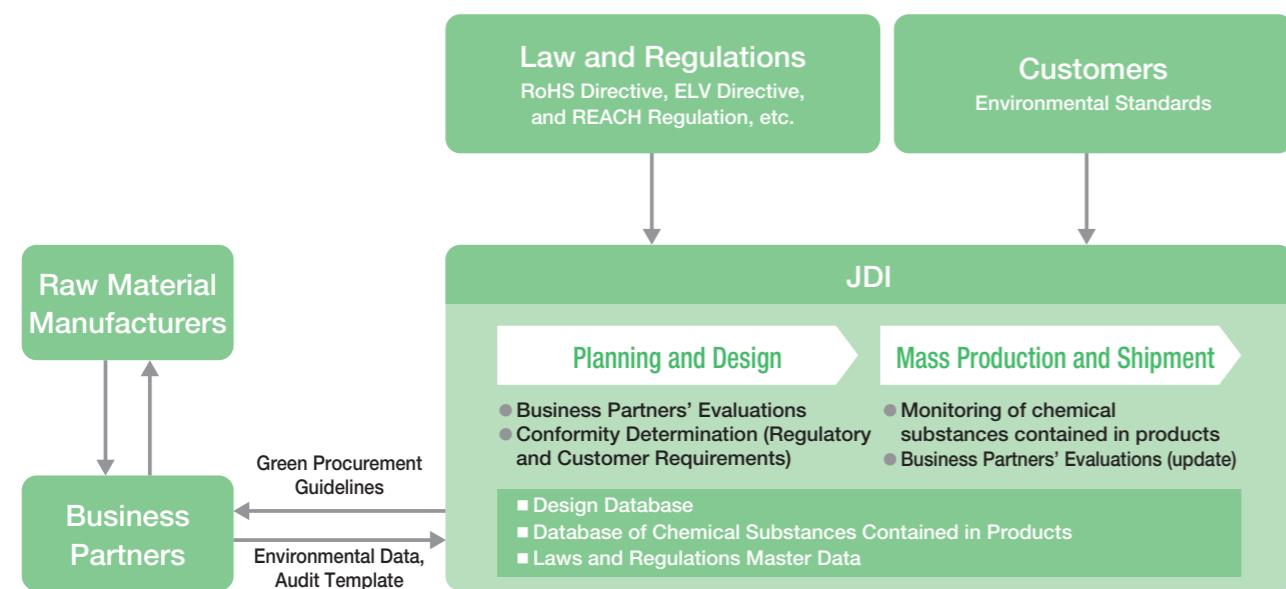
Management of Chemical Substances

We manage chemical substance control based on the following basic principles

Compliance with Laws and Regulations

JDI has built a system to respond to laws and regulations concerning chemical substances used and contained in the products and complies with such laws and regulations. The major laws and regulations concerning chemical substances include the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc., Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof, RoHS Directive, ELV Directive, and REACH Regulation.

Chemical Substance Data Accumulation

JDI collects and stores data on the chemical substances used and contained in the parts and materials.

JDI also monitors the use of chemical substances to confirm that they are used in accordance with laws, regulations, and customer requirements by using these data.

Measurement of Chemical Substances and Use of Analysis Results

JDI regularly measures the chemical substances contained in its atmospheric emissions and discharged wastewater. We also require our business partners to conduct detailed analysis of specific parts and materials to prevent accidental contamination with prohibited substances. As part of our internal management, we use XRF measurement equipment at each manufacturing site to monitor whether or not prohibited substances are contained in specific parts and high-risk substances, and we strive to prevent their contamination.

JDI monitors the use of chemical substances and promotes the reduction of discharged amounts of chemical substances in order to respect biological diversity and contribute to the preservation of the environment and a sustainable society.

Green Procurement and Environmentally Friendly Products

At JDI, we have established the Green Procurement Guidelines and conducted evaluations of our business partners' management systems to ensure proper operation as well as convey the information on laws and regulations and customer requirements to our business partners and ask these business partners to comply with them.

Through promoting these initiatives and JDI's activities to reduce environmental impact, we are striving to design and produce environmentally friendly products.

Green Procurement Efforts

1. Enactment of Green Procurement Guideline

JDI enacted its Green Procurement Guidelines to reflect both legal restrictions in various countries and regions on the chemicals contained in products and JDI's customer requirements, and asks its business partners to comply with them. The Green Procurement Guidelines are reviewed annually and are disclosed on JDI's website.

JDI will continuously comply with laws and regulations and make every effort to control chemical substances contained in JDI's products.

2. Evaluation of Business Partners' Management Systems for Chemical Substances in Products

JDI asks business partners to establish a management system for the chemical substances contained in raw materials and other procured items in line with the Guidelines for the Management of Chemical Substances in Products set by the Joint Article Management Promotion-consortium (JAMP). The status of such system is confirmed by the system that links business partners with JDI (jDesc Survey Site). Regarding the business partners whose systems do not meet JDI standards, we ask them to correct and improve their management systems.

Environmentally Friendly Products

At JDI, we strive to design, develop, and manufacture products together with business partners who share the values of environmental protection and the realization of a sustainable society, in order to meet the environmental needs of our customers, recognizing that our products are part of the life cycle of the products our customers place on the market.

JDI contributes to the realization of a sustainable society through business activities that include incorporating customers' environmental requirements into JDI's products, procuring materials from trustworthy business partners, and increasing JDI's productivity. JDI's efforts to preserve the ecosystem even extend to the local region around each fab.

■ **Life Cycle Emphasized in Product Development**

✓ Reflect environmental needs of customers
✓ Improve productivity (resource/energy savings)
✓ Management of Chemical Substances Contained in Products
✓ Reduce waste

Environmental Needs

Raw Material Manufacturers	Business Partners	JDI	Customers	Users
✓ Environmental considerations ✓ Chemical substances contained in products	✓ Environmental considerations ✓ Design specifications for chemical substances contained in products ✓ Design specifications	✓ Environmental considerations ✓ Low-power consumption ✓ Lightness ✓ Chemical substances contained in products ✓ Promotion of resource recovery (material lists, etc.)	✓ Energy savings ✓ Long service life ✓ Weight reduction ✓ Environment conservation ✓ Resource recovery ✓ Simple disassembly	

Reusing/Recycling

Waste Management

JDI advocates and works to reduce, reuse, and recycle waste according to its Environmental Policy.

Indirect Waste Risk Reduction Initiatives

To verify the proper disposal of industrial waste, JDI uses a checklist that specifies legal requirements and JDI's voluntary standards to conduct regular on-site inspections of business partners (collection and transport companies, intermediate treatment companies) and to confirm completed documentation. Continuation of contracts is decided on the basis of confirmed results.

For business partners that are difficult to audit on-site because of the novel coronavirus, we conduct remote audits via the Internet and confirm that there are no problems with industrial waste disposal through periodic on-site audits and document reviews.
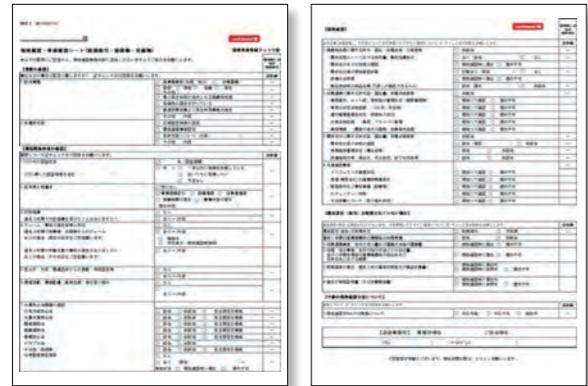
Industrial Waste Inspection Checklist

On-site inspection

PCB Waste Treatment

Companies that store polychlorinated biphenyls (PCBs) are required to report the storage status and dispose of the waste by the prescribed date in accordance with the Law on Special Measures to Promote the Proper Treatment of PCB Waste. The Mobara Fab has been disposing of PCB waste in stages according to its classification, and has completed the disposal of all PCB waste after disposing of "stabilizers and other contaminated materials" in November 2022.

Up-close look of PCB waste removal

■ Disposal Record of PCB Waste

Categories	Time of Disposal	Outsourced Waste Disposers	Contents
Low-concentration PCB wastes (transformer, capacitor, etc.)	February-March 2016	Certified Business Operator for Detoxification Treatment	Transformer, capacitor, contaminated oil, rag, etc.
High-concentration PCB wastes (transformer, capacitor, etc.)	December 2016	JESCO Tokyo PCB Waste Treatment Facility	Capacitor, storage container
High-concentration PCB wastes (stabilizer, contaminant, etc.)	November 2022	JESCO Hokkaido PCB Waste Treatment Facility	Stabilizer, capacitor for stabilizer, rag, etc.

JESCO: Japan Environmental Storage & Safety Corporation

Efforts to Reduce Environmental Impact

As part of its environmental policy to reduce the environmental impact of its business activities, JDI is promoting various initiatives such as the reduction of industrial chemicals, the reduction of sludge, the reduction of water consumption, and the reduction of VOC emissions at each manufacturing site.

■ Example of Efforts to Reduce Environmental Impact

Mobara Fab — Reduction of Chemicals and Waste Through Optimal Control of Chemicals

Since the start of its operations, the Mobara Fab, in cooperation with Kurita Water Industries, has been trying to reduce the pollution level of the wastewater discharged outside the plant to below the legal standard by using chemicals to detoxify the wastewater generated in the production process. In the course of this treatment, a lot of industrial waste is generated as reaction products due to the large amount of chemicals used. This time, it was planned to optimize and reduce the amount of additive for industrial chemicals used for detoxification and stabilization treatment of wastewater by constantly monitoring the conventional metered injection method with S.sensing CS (automatic chemical injection reduction system). This is expected to reduce 55% of the applicable chemicals, about 10% of the total applicable industrial chemicals in the factory, 55% of the total sludge and waste derived from applicable industrial chemicals, and 2% of the total sludge generated in the factory, compared with the conventional ratios, contributing to the reduction of chemicals and waste, as well as the reduction of chemical costs and sludge disposal costs. In the future, we plan to apply the same automatic chemical injection reduction system to other dewatering systems to further reduce environmental impact.

■ Flow Diagram for Automatic Chemical Injection Reduction System for Detoxification of Wastewater
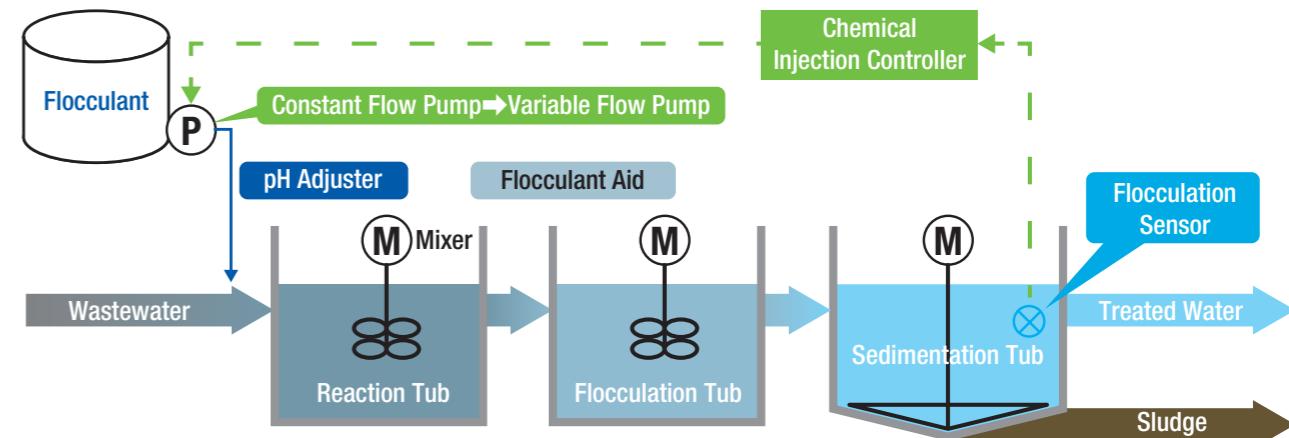
Wastewater treatment facility

■ Flow Diagram for Automatic Chemical Injection Reduction System for Detoxification of Wastewater

| Wastewater treatment facility	Reduction amount (July 2022 to March 2023)
Flocculant (polyiron)	129.9t
pH Adjuster (Caustic Soda)	58.7t
General Sludge	101.2t

Tottori Fab — Efforts to Reduce Water Consumption

The Tottori Fab uses ultrapure water, which is industrial river water that has been treated with RO membranes, ion-exchange resins, and high-performance filters to remove impurities, for the high-precision cleaning of glass substrates. Some of the wastewater used for cleaning can be recycled, while the rest of it cannot be recycled; the latter is discharged into the sewage system after being controlled according to Tottori City's standards.

This time, the amount of ultrapure water used for cleaning was reduced within the limit satisfying the conditions of not causing the deterioration of product quality through repeated experiments and verifications. As a result, it also became possible to achieve not only the reduction of water resource usage, but also the secondary reduction of costs for filter materials and energy used in the refining process. In the future, the same approach will be adopted to other facilities to further reduce environmental impact.

■ Glass Substrate Cleaner Reduction of Ultrapure Water Usage

The conditions for reduction was determined after clarifying the range of quality process margin for ultrapure water usage.
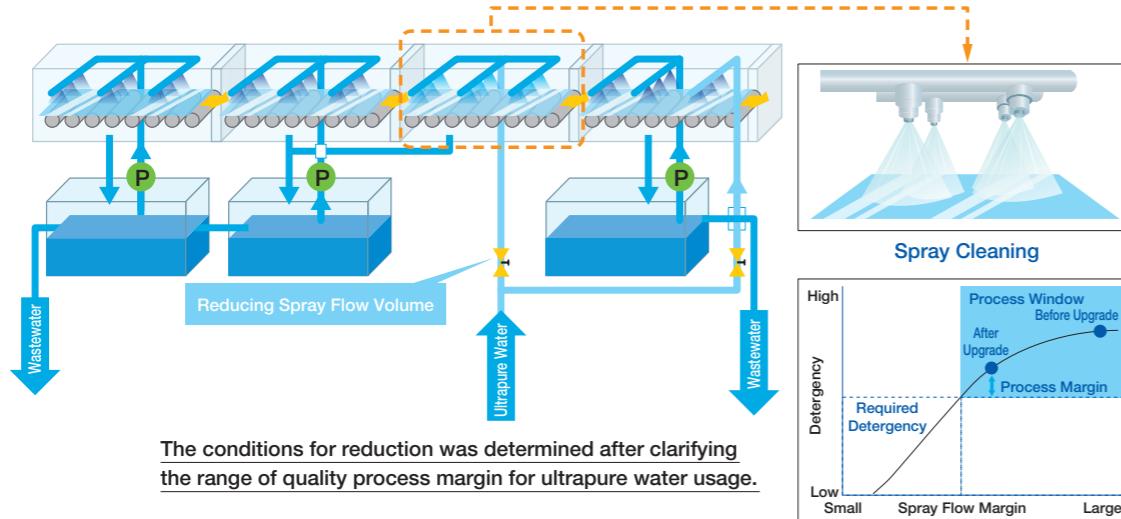
## Higashiura Engineering Center — Reduction of VOC Emissions and Consumption

In the entire process of manufacturing products, there is a process of cleaning substrates using VOCs (volatile organic compounds). VOCs volatilized during the cleaning process are collected as exhaust air, and are finally treated appropriately in a removing apparatus, but efforts were made to reduce their usage in order to reduce environmental impact as much as possible.

As shown in the diagram, after cleaning the substrate, the cleaning solution is pushed back into the tubs with air and circulated for reuse; however it was found that the volume of exhaust air and air was so large that a large amount of volatilized VOCs flowed out toward the exhaust passages, which led to decrease in the circulation amount and increase in the supply of new solution.

As a countermeasure, the opening degree of the exhaust damper was changed from full-open to half-open. In addition, by controlling the air volume, its flow into the exhaust passages was reduced. This led to the reduction of the amount of VOC emissions and the prevention of usage increase in the supply of new solution.

■ Operation Flow and VOC Exhaust Passages
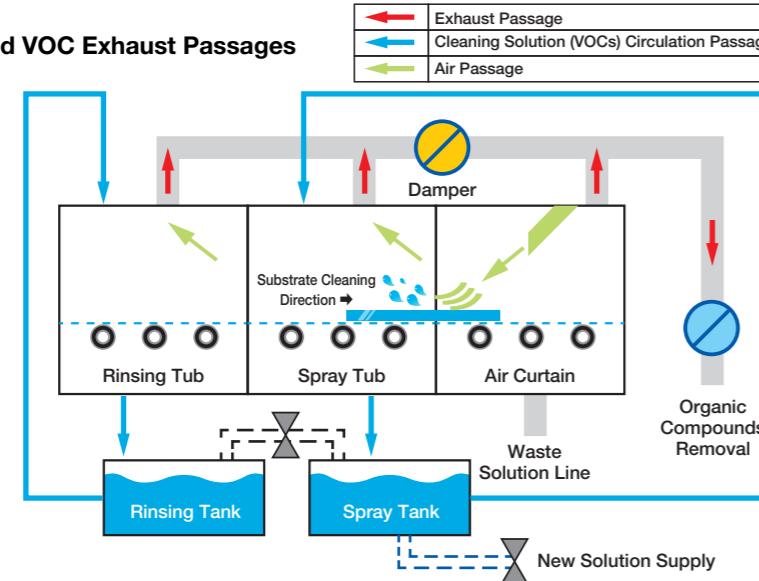
Ecosystem Conservation and Environmental Impact

Each of JDI's manufacturing sites voluntarily implements initiatives within its premises and in neighboring areas according to local characteristics and issues from the viewpoint of the importance of biodiversity and environmental conservation. JDI also has been working to identify the Scope 3 emissions from its supply chain since fiscal 2021 alongside the environmental impact of its own business activities to reduce greenhouse gas emissions over the medium to long term.

Ecosystem Conservation Activities

SOZO-no-Mori, located at the entrance to the Ishikawa Fab, has been enjoyed as a place of rest and relaxation that is easy for employees and customers to find and serves as an area where they can feel the passing of the seasons. The forest with a variety of local trees, which was planted there more than 20 years ago, has been carefully maintained so that it will continue to serve as a perfect place for wild birds to feed.

Fireflies thrive in the Hotaru-gawa Creek that runs through the Mobara Fab site, which many people, including employees and their families, visit to enjoy the fireflies that fly around in May and June.

JDI will continue to engage in neighborhood cleanup and water quality management to maintain the ecosystem.

SOZO-no-Mori (Ishikawa Fab)

Hotaru-gawa Creek and Koi Pond (Mobara Fab)

Environmental Impact

JDI's business activities consist of inputting energy and resources for product production, which are accompanied by outputs such as CO_2, waste, and so on. An overview of this is shown in the following diagram (covering all domestic Fabs + global manufacturing subsidiary in FY2022). The basis of JDI's environmental improvement activities lies in reducing the amount of input and output, and JDI works to address such activities by comprehending each of these items for every area in a detailed manner.

INPUT

Items		FY2022	
		Japan	Global
Electricity (Purchased Power)	MWh	715,730	31,290
Electricity (Solar Power)	MWh	117	0
City Gas	Thousand m³	11,093	34
Heavy Fuel Oil	KL	4,517	0
LPG	t	1,026	20
LNG	t	0	0
Diesel Oil	KL	0	2
Water Intake	Thousand m³	8,565	347
Amount of Priority Controlled Chemical Substances[1] Emitted	t	9,064	32

OUTPUT

Items		FY2022	
		Japan	Global
Energy-derived CO_2[2]	Thousand t-CO_2	310	15
Greenhouse Gases[3]	Thousand t-CO_2	33	0
Wastewater	Thousand m³	7,748	310
Amount of Priority Controlled Chemical Substances[1] Emitted	t	98	1[4]
Amount of Industrial Waste Emitted (Including Valuables)	t	12,178	990
Industrial Waste	t	8,347	105
Valuables	t	3,777	345
General Waste	t	54	541

*1 Priority controlled chemical substances refer to 38 substances selected for priority control efforts.

*2 The CO_2 emission factor from electric power in Japan is based on 0.433 t-CO_2/MWh (emission factor released by each power company [factor used to convert greenhouse gas emissions of a specific emitter]), and the other conversion factors are from the Rational Use of Energy Act and the Global Warming Countermeasures Promotion Act. The overseas CO_2 emission factor uses the local emission factor for Taiwan and the Philippines.

*3 Among the substances covered by the Act on Promotion of Global Warming Countermeasures, we use the term "greenhouse gases" to refer to these seven substances: PFC (CF4, c-C4F8), HFC (CHF3, C2HF5), SF6, NF3, and N2O. AR4 emission factors are used.

*4 Within Japan, this refers only to emissions of the 38 priority controlled chemical substances designated by JDI, and for overseas, this refers only to emissions of VOCs.

Global Subsidiary Initiatives

Initiatives at Global Manufacturing Subsidiary

Nanox Philippines Inc. (NXP), primarily assembles liquid crystal modules and manufactures liquid crystal parts. The company has obtained ISO 14001 certification and promotes continuous improvement as an environmental initiative. The main environmental impacts of its operations are the electricity and water used for production and the waste produced.

NXP is working on the prevention of global warming (reduction of CO_2) and effective use of resources (reduction of water consumption, reduction of waste generation, etc.) as priority issues, and is confirming and clarifying progress while promoting communication through regular meetings.

In this report, JDI will introduce various environmental initiatives taken by NXP.

Initiatives at Nanox Philippines Inc. (NXP)

■ Company Overview

Company name	Nanox Philippines Inc.
Address	Civil Aviation Complex, Near Clark South Interchange, Clark Freeport Zone, Clarkfield, Pampanga 2023, Philippines
Established	June 15, 1999
Representative	Toshimitsu Yoshifuku
Business	Back-end manufacturing of modules
Employees	2,048 (as of March 2023)

View of NXP Site

■ Example of Environmental Initiatives

1 New Wastewater Treatment Using Bacterial Culture

At NXP, solid waste and wastewater from the canteen are biologically treated in the plant's water treatment facility to meet water quality standards.

Previously, NXP used a BioAmp solution (bacterial culture system) equipped with a series of instruments such as BioAmp stainless steel units and pumps.

Since the bacterial culture introduced at this time allowed direct injection into the water treatment plant without the use of such instruments, NXP was able to reduce the number of maintenance operations and achieve a cost reduction of more than 90%. With its implementation, NXP was able to verify that wastewater treatment was being performed properly.

Verification test being conducted

Bacterial culture being injected

2 Social Contribution Activities

As part of social contribution activities, NXP visited a local elementally school and conducted a planting activity on December 2nd, 2022. (At Mamatitang Elementally School)

Planting Activity (Mamatitang Elementally School, Philippines)

3 Plant Greening Activity

Employees from each department collaboratively promoted a greening activity, planting various kinds of vegetables and plants in a 2-hectare unused land in the plant.

View of Vegetable Garden

Calamansi

Hyacinth bean

Bottle gourd

Chili pepper

Third-Party Opinion

Masatoshi Ikari
Representative, Sustainability Consulting
Part-Time Instructor at Seikei University
JRCA Lead Auditor, Environment
(EMS-A20004)

Japan Display Inc. had been releasing CSR Reports until last fiscal year, but the title of this report has been changed and the content updated as the Sustainability Report 2023 (hereafter, "this report") from this fiscal year. A third-party opinion was included in last fiscal year's CSR Report, and the following third-party opinion have also been included in this report.

Deepening of Sustainability Management

In last year's report, I confirmed the revolution from the CSR management to the sustainability management; however, in this report, I have confirmed the deepening of the sustainability management as follows.

● JDI has identified the materiality, the key issue to be addressed preferentially, for the first time, and summarized this in "JDI's goal of creating social value," the diagram showing JDI's value creation process, which I found was one of the major results of the deepening. Of course, social issues that JDI are addressing will change and reorganize as shown in the differences between last year's and this year's reports (in terms of the descriptions of the reports). Therefore, it is necessary to regularly review the materiality identified in this report.

● In the pages of the mid-term management goals METAGROWTH 2026, a lot of examples of JDI's Global No. 1 proprietary technologies are introduced, and the feature article on eLEAP made me clearly understand that JDI aims for the creation of both economic and social value by addressing the resolution of social issues through its businesses. In addition, in the initial category "Solution of Social Issues Through Creating Value/Business Activities" of the materiality table, two items of the materiality are identified, which I estimate as proper identification.

● Amid a growing interest in human capital management, JDI has held up the policy of "development of human resources," and identified "securing and developing excellent human resources" and "recruitment of diverse human resources" as items of the materiality. In addition, JDI has added human resource management to the organization and structures for sustainability, and made improvements related to the disclosure of personnel data that underpins these efforts. I have found consistency and connection in such efforts, and recognized them as the deepening of the sustainability management.

● The organization and structures for sustainability has been added with supply chain management in response to the building of a sustainable supply chain in the materiality, and the procurement policy that is considered to be the one covering the traditional green procurement and the responsible sourcing of minerals has been included in this report for the first time. I also recognize these efforts as its deepening.

● I also paid particular attention to that JDI's has deepened information disclosure in accordance with the TCFD recommendations and conducted refined analysis based on JDI's risks and opportunities, business impacts and countermeasures as well as that we can expect to seize great opportunities with JDI's proprietary technology in a 1.5°C world in 2050.

● Thus, JDI has developed a variety of environmental management activities on a global scale and achieved targets in all topics at its domestic sites and global subsidiaries, producing a steady flow of successful results.

Toward the next fiscal year

I hope JDI will continue to work on the following to deepen its sustainability management toward the next fiscal year.

● This report provides JDI's mission in the opening section, the basic sustainability policy in the middle section, and other policies such as the quality policy, the safety and health policy, the health declaration, the procurement policy and the environmental policy in the following each chapter; however, to improve the readability of the report, I would like to recommend explaining how these concepts, policies and declaration are related and systematized in an understandable manner. For example, based on the eight materiality items identified this time, the core subjects of ISO 26000 included in last year's report have been changed into the organization and structures for sustainability. It might be a good idea to associate its content with such policies, declaration, etc.

● In the pursuit of sustainability management, it is required to set goals by taking a backcasting approach (outside-in approach) from a medium- to long-term perspective based on a vision of a desirable future. In this scenario analysis in accordance with the TCFD recommendations, JDI conducted examinations from a medium- to long-term perspective; however, I believe it can be improved by setting medium-term targets toward decarbonization. In addition, it is hoped that JDI will acquire the SBT certification as planned.

● As shown on the left "securing and developing excellent human resources" and "recruitment of diverse human resources" have been identified as items for the materiality; however, "Development of Human Resources" of Management Message states: "As training and strengthening engineers is a particularly urgent task, we plan to resume...the hiring of new graduates." Incidentally, as a part-time instructor at the university, I have a strong impression that today's university students, including male students, are keenly interested, particularly, in a work style giving priority to a work-life balance, a maternity and childcare leave system, and gender equality, among various sustainability initiatives taken by their potential employers. In addition to providing information on them, it is important for JDI to disclose information for students who are conscious of experts in the science field.

● As shown on the left, the procurement policy has been included in the report; however, it is hoped to make some improvement by, for example, organizing and integrating the "Relationships with Our Business Partners (so-called sustainable procurement)" part in the "Social" and the "Green Procurement" part appearing later in "Environment". Furthermore, since "4. Promotion of Sustainability and CSR Activities by the Supply Chain" of the procurement policy is closely related to human rights issues included in social issues emphasized in "JDI's goal of creating social value," I hope to see its substantial progress and information disclosure for its promotion.

JDI

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